PRODUCTION CRAFT, NEW BRUNSWICK

An action/research study of the problems and potential of high quality, production-oriented craft

by

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Opinions expressed in this paper are those of the author and do not necessarily represent departmental policy.

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This report culminates a 15-month period of study. I hope it will contribute significantly to the understanding of professional craft in Canada, and of production craft in particular. Sincere thanks for this opportunity are extended to the four departments involved:

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Department of Supply and Services, Canada

Department of Youth, Recreation and Cultural Resources, New Brunswick

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This report is dedicated to the many New Brunswick craftspeople who have shared their time and spoken so openly with me. This work could not have been done without their enthusiastic participation.

A complete list of all the people consulted during this project is provided in Appendix A. Thanks are owed to all of them.

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TABLE OF CONTENTS

		PAGE
SUMMARY		1
CHAPTER 1:	**OVERVIEW**	
	Background	6
	Project History	9
	At the Time of Writing	10
CHAPTER 2:	**PRODUCTION CRAFT AND THE CRAFT SPECTRUM**	
	A Perspective on Craft	15
	Income Considerations	25
	Management	27
	Entrepreneurship	30
CHAPTER 3:	**PRODUCTION SHOP DEVELOPMENT**	
	Guidelines for Programs, Development Workers and Craftspeople	
	The Development Process	33
	Craft and Small Business	38
	Small Business Resources	39
	Will It Fly?	42
	Marketing	47
CHAPTER 4:	**CRAFT AND GOVERNMENT**	
	The Costs and Benefits of Government Action	53
	Fish or Fowl	55
	Established Government Programs Serving Industrially-Oriented Craft in New Brunswick	56
	Established Government Programs Serving All Craft, Studio Craft or Craft Medium Art in Brunswick	62
	Problem Areas	66
	Program Criteria	69
CHAPTER 5:	**RECOMMENDATIONS**	
	Introduction	72
	Policy Principles	73
	Program Recommendations for Production Craft Development	7
	Further Study	79
	A Final Word	83

APPENDIX A	:	Contact List	85
B-1:		The Craft Production Questionaire	89
B-2:		Analysis of Craft Production Questionaire	92
C	:	Bibliography	94
FIGURE I	:	The Craft Spectrum	18
II	:	Production Shop Development	35
TABLE I	:	N.B. Craftspeople and Craft Partnerships That have Expressed Interest in Production	13
II	:	Program Recommendations for Production Craft	80

HIGHLIGHTED NOTES:

A Reading on Entrepreneurship	32
A Rule of Thumb for Craft Venture Evaluation	44
Additional Small Business Resources	46

The machine, of course, came into being for man's use and advantage; therefore, we need not avoid it but should find a way of using it more cleverly than we have done hitherto. The problem is not a matter of either hand or machine, but of utilizing both. We have yet to discover just what is suitable work for each. To this end, again, it is a truly new kind of designer that is needed. He must, in the first place, know beauty at sight; then it is essential that he should understand the principles of mechanics and their operation in industry, yet at the same time must also appreciate fully the value of handwork. Such designers could make machine-made products better and healthier. But they must not forget that the machine, too, has its limitations. The best course, probably, is that handwork and the machine should cooperate and supplement each other's shortcomings.....

from
The Unknown Craftsman,
A Japanese Insight into Beauty
by Soetsu Yanagi

SUMMARY

This 15-month contract commenced in November, 1980. Its purpose was to explore the problems and potential of industrially-oriented craft in Canada through an action-research project directly involving professional craftspeople in New Brunswick.

The New Brunswick craft industry consists of 80 to 100 full-time producers, with sales in excess of $3 million annually (N.B. government estimate). In Canada as a whole there are about 4,000 full-time craft producers, with sales of about $100 million annually (Canadian Craft Council estimate).

The effects of the current recession on craft sales have not yet been measured but the growth in sales over the last five years, provincially and federally, has been well in excess of inflation (Province of New Brunswick and the Canadian Craft Council estimates). Also, there are continuous, strong indications that creativity and

quality are increasingly important factors in an increasingly sophisticated market. In supporting quality in craft production, government can, therefore, work toward both cultural and economic goals simultaneously.

Of Canada's full-time craft producers only a fraction will be interested in a more industrial mode of operation. Fifty-six New Brunswick craftspeople inquired about the project and, of these, 12 were accepted in a marketing effort at national trade shows. That effort was funded independently by the Province of New Brunswick. The momentum generated by the contract continues to build, with seven of those operations showing strong promise as small, high design craft industries selling on the national market. Another 11 New Brunswick craftspeople have expressed an interest in the production direction. At the project close a questionnaire was completed by those craftspeople who worked intensively with the project, and results show the project was evaluated very highly as a development effort.

Three distinct approaches to craft were identified by the project: craft art (where the craftsperson functions as an artist in craft mediums), studio craft (involving by-hand production and custom work), and production or industrially-oriented craft (where reproduction processes are utilized by employees in an entrepreneurial operation). The contract focussed on the third approach.

This report maps out the production route for government planners, future fieldworkers and craftspeople. It confirms that the production approach has the greatest economic potential, but reports that studio craft (by-hand production in very small, locally-oriented operations) is continuing to provide many people with a modest but satisfactory income and should not be overlooked in public policy as a contributor, both culturally and economically. The research confirmed repeatedly that an individual's decisions about craft direction should

be based on personal goals and inclinations, and not merely on the prospect of greater financial gain.

The research found that government is now serving production craft quite well in New Brunswick. (It was beyond the contract's scope to ascertain whether this is the case elsewhere.) Certain needs in New Brunswick were met only as a direct result of this project, however, but initiatives taken here as research are being continued by the Province as program, if on a more modest scale. Certain other needs remain unmet but efforts under way may rectify the situation.

The key problems to be surmounted are the need for assistance with long-term planning, project evaluation, technological search and design for production; and assistance with capital financing, marketing, and the cost of new product development.

These problems can be met by existing programs within the federal and provincial governments with modest budget allocation if the peculiar characteristics, potential and growth pattern of industrially oriented craft are recognized and understood. This report attempts to provide the information base for such an understanding.

Budget increments to existing programs required to adequately serve the emerging production craft sector are estimated for the known New Brunswick situation. These funds would provide a development officer and assistance with capital expansion, marketing, new product development and professional development. This totals to an annual expense of $114,000 (1982 dollars), with a projected return of 30 new jobs within three years for about $342,000 in wages annually. Some of the calculated budget is already committed.

Extrapolated to the national level, the recommended investment, totaling federal and provincial contributions, is $4.58 million per year

for a projected gain of 1,200 jobs within three years and 412,480,000 per year in wages. Expenditure on production craft development by government appears to be a good investment. Information available at this time indicates craft remains a modest growth industry even in the current severe recession, and that sales growth would support this level of stimulation.

A look at the diverse needs of the developing production craft sector resulted in the recommendation that craft should continue to be a responsibility shared by a number of departments at both levels of government, with the provision that the department closest to craft at each level function as coordinator of services. Federally, this would be the Department of Communications and its Arts and Culture Branch. In New Brunswick this would be the Department of Youth, Recreation and Cultural Resources and its Craft Division. Close liaison with crafts' professional organizations, the craft councils, is strongly recommended in the development of policy and program and, in some cases, it may prove appropriate to contract out certain program responsibilities to the councils.

The three different approaches to craft do overlap, but their unique characteristics must be appreciated for a sensitive and effective intervention by government. The most effective stimulus to craft will result from focussed programs that, together, encourage all forms of craft. A craft sector that is healthy across the spectrum, from art to industry, will be vital and self-stimulating.

In this wider perspective, the report notes three problem areas for craft medium art and studio craft that should be looked at in detail. These are: their need for capital assistance when demonstrated to be commercially viable; the costs of apprenticeship; and the need for fieldworkers in the craft art area.

Lastly, a note on the style of this report. The report speaks to several audiences: government, craft, and those government officials who may be working directly with craft producers. This is quite deliberate. The consultant's opinion is that a sensitive and appropriate government response will only come with a ground-level "view from the inside". In reading material geared at times to the craft community, government officials will gain more understanding of craft realities, problems and potential, than could be gained from a more remote report.

Craft and industrially-oriented craft in particular, have great potential in Canada. But without sensitive government assistance, few of its creative, hard working but low income practitioners will be able to break out of their pattern of subsistence. From both the cultural and economic perspective, it would appear in the best interests of all concerned to nurture this potential.

Chapter One: OVERVIEW

Background

This project began with concern for the survival of full-time professional crafts in Canada. It was thought that we may see an end to full-time professional craft if earning power is not improved. One New Brunswick craftsman put it very bluntly: "We used to be young, but now we're just poor".

This perspective now seems too bleak. Professional craft will survive even the present hard times. However, if craftspeople are "getting by" and a few flourish, this success must be recognized as relative. The eight full-time craftspeople most intensively involved with in this project are among New Brunswick's best. They work very hard. Yet, in 1981, the seven who provided data netted an average of $9,742 for an average owner(s) workyear of 71 workweeks, or $137 per

workweek* (Forty hours work by one person is considered one work week). Many craftspeople live a relatively simple and self-sufficient lifestyle where this level of income goes furthest. Nevertheless most do feel squeezed and few, in fact, achieve a professional income commensurate with their training, experience and investment.

This project also began with a concern that government did not recognize, understand and encourage economic development in general at an early enough stage. What of the rough road to hiring the first employee? The first five? It is at the latter stage that government, lending institutions and academics usually get interested.

Finally, this project began with a very specific focus: it was to examine the potential of industrially-oriented craft where craftspeople employ reproduction techniques and employees in the execution of their designs. The hypothesis was that the highest level of design quality and workmanship, as well as quantity, market acceptance, and higher profitability could all be achieved with the introduction of carefuly selected and executed reproduction techniques. This approach to craft is relatively uncommon in Canada. The project seems to have confirmed the attractiveness of this approach for those so inclined. The project has also clarified many implications and pitfalls.

It was recognized by both the consultant and sponsors that this subject required an indepth, action-oriented research approach. This was not to be a statistical study, but an examination based on an action program and on a very broad consultative base. (A complete list of the 120 people consulted is provided as Appendix A.) Given this approach, this consultant's background as a professional craftsman was deemed important for both his craftsman's perspective and his ability to gain

* See questionnaire results, Appendix B-2, question 4b.

credibility within the craft community.

Approval was given in November 1980 to undertake a 15-month project of this nature, primarily in New Brunswick, with the following objectives:

1. To find between 12 and 20 accomplished, established, professional New Brunswick craftspeople who were interested in exploring the designer/reproduction option.
2. To act as a free consultant to those craftspeople, helping them with goal decisions, design for reproduction, production technologies, marketing, business planning and access to government services.
3. To report to the sponsoring governments on the viability and pitfalls of production craft as defined here, the role of the production craft worker and the role of government.

New Brunswick was selected as the focus for the action component for a number of reasons. Professional craft and production-oriented craft are quite active here and quality standards are high. The consultant already had extensive knowledge of the New Brunswick craft community and credibility was already reasonably well developed. Finally, the New Brunswick government is one of the leaders in craft development in Canada, with an active craft school and development program in place since 1946.

Some craftspeople, provincially and nationally, have heralded this examination as timely; and over the course of the work the impression is that this minority is growing. But most craftspeople consulted levelled strong challenges at the concept of reproduction craft, reflecting the predominance of handwork in the value system of contemporary Canadian craft. These challenges are addressed directly in these pages. The most important response remains the fact that

reproduction craft, as defined here, is but one approach among several.

Project History

The project, as it unfolded, fell into three phases: the first was introductory; the second centered on two critical workshops and the question of project direction; the third centered on marketing and on preparing products and processes for the market opportunity perceived.

The first phase involved:

- long discussions with craftspeople known to have an interest in production-oriented craft.
- a general mailing to all known craftspeople in New Brunsiwick, inviting participation.
- preliminary review of government support for small industry and production-oriented craft in particular.
- concept development discussions.
- basic research into relevant industrial equipment and processes in leatherworking, woodturning, ceramic casting, metal casting, fabric cutting, silkscreen, metal die punching and machine knitting.
- market research on selected pieces.

The central lesson that emerged from the first phase was the importance of clarity of direction: "What do you want to do with your life? Where do you want to be in five years? Do you really want to go in a production direction?"

Thus it was that a Long Term Planning Workshop was held, with Bill Yerxa, a local planning consultant. In retrospect, this marked the beginning of phase 2. Some craftspeople subsequently dropped out. One

was more fully committed than ever to an industrial direction. Most recognized their own schizophrenia: they were interested in doing more with production, but still wanted to follow up other approaches to craft.

A second workshop on Marketing Production Craftwork was held eight weeks later. For this we had help from Marget Davis, who had been involved in craft development and national marketing in Newfoundland for the previous five years. With her help and enthusiasm it was decided to seek additional provincial support for a collective booth at major wholesale gift shows.

Phase 3 focussed on this goal. Ultimately, additional support was secured from the Province of New Brunswick, appropriate products and production plans were prepared and, in January and February, the work was shown in Toronto and Calgary. Sales were modest but encouraging and a tremendous amount was learned. The province plans to try the shows once again, in the fall, and then decide on a longer commitment.

At the Time of Writing

It has become apparent to all involved that national wholesaling requires a very different approach to craft than that of the studio craftsperson serving the local market.

Many of those showing work in Toronto and Calgary were using, at some point in their production process, reproduction techniques that were developed with the help of the project. For example, one potter is slip casting, an enamelist is using silkscreen and a leatherworker is moving into die cutting and machine stitching.

Over the 15-month project, expressions of interest have been received from 56 craftspeople. Of these, 25 were deemed to have the design skill, craftsmanship, management potential and entrepreneurial drive to receive support and encouragement. Twelve were ready to present product lines at the major trade shows and, subsequently, eight remain actively pursuing the nationally-oriented designer/reproduction approach. Another eleven continue to move in this direction but are at an earlier stage. Two of this latter group have been accepted to the provincial booth for the fall trade shows.

To put these numbers in context, about 150 craftspeople in New Brunswick regularly sell at retail craft fairs. Of these, 80 to 100 are full time professionals. This compares to a provincial industrial base of 1200 firms (1980 estimate), of which 847 employ fewer than 25 people, and 57 employ over 200.

Most of those craftspeople still actively oriented to production at the time of writing are more comfortable with the ideas explored by the project. They seem to have sorted out their own priorities and are finding ways to utilize industrial equipment and processes in craft without losing themselves as craftspeople. Excepting a pewter operation which employs five people, they are still one to two person operations. They do not know exactly where they are headed but they seem, now, to be in control and are prepared for slow but steady development. A breakdown, by medium, of all the New Brunswick craftspeople involved with the project is presented in Table 1.

To get a concrete measure of this project's impact, Larry Heinlein, a consultant specializing in testing and project evaluation, was sub-contracted to design and evaluate a questionnaire for the eleven craftspeople most actively involved. (See Appendix B.) The responses indicate that, as a group, the craft clients were quite pleased with the

program. When asked how useful the project has been to them, on a 1 to 5 scale where 5 was "very useful", the median answer was 4, with a range of 5 to 2. Nine of 11 indicated the 15-month project had affected the direction their business was taking. When asked how it had affected their business, they offered a range of responses from 'gained perspective about business possibilities, marketing, promotion and production,' to 'motivation and assistance in putting previous plans into action or confirming prior direction.'

Three of the eleven have decided that the production route is not for them and they credit the project with helping them reach this decision. Nine of eleven wish to see a project such as this continue, although most had comments or changes they would like to see.

Of the 8 full-time professionals in the group (defined as those who earned a majority of their income from their craft business for at least one year), the median time in full-time business was 6 years, with a range of 3 1/2 to 10. Only one shop employed anyone full time other than the owner(s) in 1981; and that shop at a level of 200 workweeks.

In contrast, the median figure the full-timers reported for workweeks of non-owner time employed in 1981 was only 5. However, when asked how many people they would be comfortable employing, assuming the business has continuing potential for growth, the full-timers reported a median answer of 2.5 people full time (125 workweeks) and a range of 1 employee to 4 or more. The part-timers were more ambitious, with a median answer of 3 employees, and a range of 2 employees to 4 or more.

Appendix B-1 provides a detailed analysis of the questionnaire results. Further information can be gleaned from that report for special purposes. Development workers, for example, may be interested in the reported breakdown of expenses.

TABLE 1: N.B. CRAFTSPEOPLE AND CRAFT PARTNERSHIPS THAT HAVE EXPRESSED INTEREST IN PRODUCTION

MEDIUM	EXPRESSES INTEREST	ONE SESSION WITH CONSULTANT	MORE THAN ONE SESSION CONSULTING	ATT'T GIFT SHOWS	PLANNING TO REAPPLY FOR GIFT SHOWS	WAS NOT AT GIFT SHOWS BUT HAS CONTINUING PRODUCTION POTENTIAL OR EXPRESSED INTERESTED
CLAY	10	3	6	3	1	2
ENAMEL	2	0	2	1	1	0
FABRIC	11	4	3	1	0	4
GLASS	3	2	1	0	0	0
LEATHER	4	0	3	2	1	1
METAL	11	2	4	2	2	1
PAPER	2	0	1	1	1	0
WAX	1	1	0	0	0	1
WOOD	12	3	6	2	1	4*
TOTALS	56	15	25	12	7	13*

* Two oriented to materials supply, not finished products.

Note: About 25 of the 56 craftspeople or craft partnerships that expressed interest receive the majority of their income from their craft. All told this can be said of 80 to 100 craftpeople or partnerships in the province.

At the time of writing, one of the full-timers is awaiting a decision on assistance for a major tool-up from the New Brunswick Assistance to Small Industry Program. Another is developing a production line for industrial markets. Two of the three part-timers have left their teaching positions to develop their businesses full time. With help from this consultant, subsidized by the New Brunswick Department of Youth, Recreation and Cultural Resources, these two, with five of the full-timers, are investigating the possibility of forming a marketing group to provide aggressive back-up to the trade show presentation. This would include developing quality brochures, conducting market research, and putting an agent on the road. The consultant is currently conferring for the group with the New Brunswick Department of Commerce and Development about the possibility of assistance on this plan.

Chapter 2: Production Craft and the Craft Spectrum

A Perspective on Craft

Initially this project had a lot of craftspeople very upset. Opening discussions were almost always highly contentious. But with more conversation and the experience of this project, an understanding has been gained, on both sides, of production craft and of its place in the craft world. Now, at the project's close a year and half later, this understanding is being accepted as a commonplace.

At times I have deliberately baited conversations with words and concepts traditionally beyond the pale in North American craft. In describing the focus of this contract I have used "production craft", "industrially-oriented craft", and the "designer/manufacturer option" interchangeably, and all of these terms have inevitably raised very basic issues.

Opening conversations generally go something like this:

Craftsperson: But isn't that just mass production?

Consultant: The good craftsperson or craftshop designs the piece and, even if steps are contracted out, (e.g. casting jewellery) he or she oversees each step, and takes responsibility for the final product. The result is a true reflection of the design concept, and is true to the highest of craft standards.

Craftsperson: But the products are all the same.

Consultant: In most cases that is not true. The reproduction process, equipment or tooling usually helps with the basic form. Finish gives it uniqueness. For example, hand decoration of slip cast pottery. In other cases, the objective is an exact duplication, as in the die cutting of leather for a briefcase, or the automatic turning of wooden rolling pins.

Craftsperson: Perhaps the clay example is OK, but for others that's mass production, not craft.

Consultant: In those cases the design has been developed and refined explicitly for reproduction. Industrial methods actually do this better. You're right: In some cases the work has become industrial and should not be labelled craft. But where is the creativity in making numerous indistinguishable objects by hand? That's what machines were designed to do.

Craftsperson: But you're talking about running a factory! What a bore ...

The confusion and disapproval ease somewhat with a larger perspective on the craft spectrum. (See Figure 1) Most craftspeople in New Brunswick are "studio" craftspeople:

. Studio craftspeople work mostly alone or with a partner. A few have one or more apprentices, but this is often a source of grief.

. They do multiples of most designs, with each multiple made essentially as was the original. This is "by-hand" production.

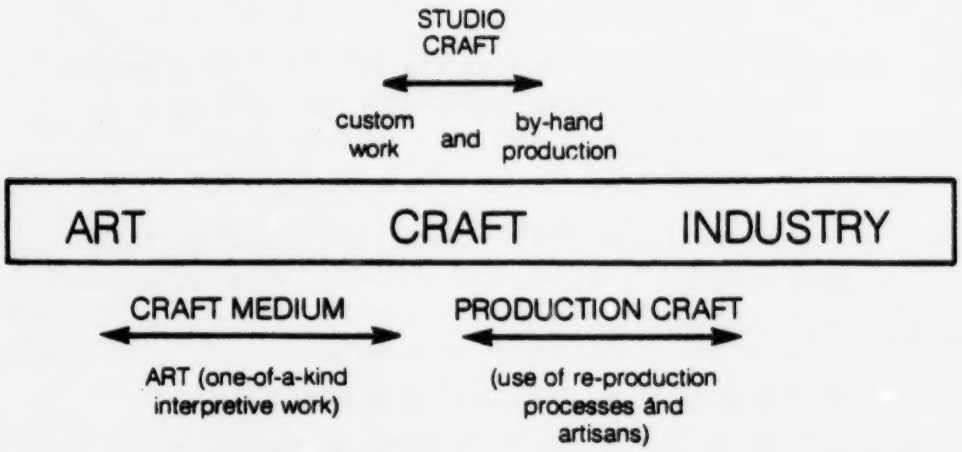
. Most also do "custom" work. As work "to order", this is not requested, intended or priced as "art", but it is one-of-a-kind. Some people make money at this; some do not.

. They sell retail, with some wholesale, to the local market. Being focussed locally, they can serve local needs well and enjoy considerable buyer loyalty.

. The term "maker" has emerged recently to describe those referred to here as studio craftspeople.

This excellent term reflects the hands-on, daily service nature of this approach to craft.

Figure 1: The Craft Spectrum



In one direction on the craft spectrum from studio craft, lies craft medium art. Here craft merges with what is commonly referred to as the visual arts:

. Craft medium art involves those craftspeople who make one-of-a-kind pieces as art. Full-time professional craft medium artists are a very small minority in the craft spectrum.

In the other direction from the studio craft centre, lies what

here is called "production craft". In the extreme, this type of craft merges with high design industry:

- In production craft the design work is, to a large degree, separate from and prior to production. A design or an element in the design is developed and then, to varying degrees, it is mechanically reproduced.

- Techniques in use or under consideration at the moment among the project's client craftspeople include: pewter casting and spinning, ceramic slip casting, ceramic press molding, silkscreen, die cutting, mechanical embossing, sub-contracted automatic wood turning, and a wide range of jigs and fixtures.

- Because of higher pre-production costs (both time and money) than for studio or craft art, production craft operations, in their early stages, generally are capable of relatively large volumes but of a limited number of products. This implies wholesale selling in large markets but, because lines and companies at this point are small, this will likely be through agents or collective marketing schemes. Reproduction techniques help maintain the quality and character-consistency these markets demand.

- The trade show marketing exercise suggests that nationally-oriented production craft operations must attain at least $100,000 in annual sales within a few years to be viable. This level of operation will be able to carry sufficient inventory to effectively service demand, will be able to attract

commercial agents and can afford the promotional and marketing costs of the national orientation. This scale of operation would involve from two to ten employees and, even at the low end, this will permit some division of responsibility. The toughest stage may well be from zero to two employees or $25,000 - $100,000 in sales where the owner must do everything. However, any craftspeople who want to expand beyond three people must accept that they will be managers and, to a much larger degree, separated from the "hands-on" part of the process. At a later stage the craftsperson may be able to delegate much of the paperwork and regain some of the lost involvement with the making process.

. The production craftsperson must therefore also want and be able to be a manager. He or she must thrive on being the orchestra's conductor, and resist trying to play all the instruments. Because reproduction techniques involve simplified and less judgemental procedures, employees need not be craftspeople in the current creative sense. Rather, they are craft technicians, artisans. Production craft is, therefore, characterized by reduced training time over studio craft, and this has very powerful long term implications. In contrast, trying to generate $100,000 annually in a three person shop, over the long term, using highly variable hand production techniques, seems like a high wire act.

. Production craft clearly has higher financial po-

tential than studio craft. Industrial processes make volume with quality and character consistency feasible, and volume means profit margins can be competitively low while yielding respectable salaries and owners' return.

. In contrast to both art and studio craft, this clearly is an entrepreneurial (i.e. "risk taking") venture. Those other approaches to craft are small for good reason. Set-up costs and working capital needs are low so entry into the marketplace and survival during lean times is relatively easy. Production craft, while showing much greater financial potential, requires more pre-production expenditure of time and money, and a much higher cash flow. Investment and. therefore, risk are higher. Clearly, the production shop craftsperson must also be an entrepreneur.

. Finally, with an increasing scale of operation, production shop owners will need increasingly sophisticated business skills and systems.

Art, studio and production craft are not rigid compartments. Most of the project's current clients expect to be all three some of the time but, after much thought, have decided to work toward a foundation in the production area. This required considerable study and reflection over a long period of time and then considerable product and process development work over a longer period and, lastly, a major marketing effort that will only bear fruit with time. The following chapter details this development process.

Some of the client craftspeople say they feel constrained by the

label "craft". They aspire, alternately, to be designers and small, highly specialized, rather esoteric, small manufacturers, producing premium quality goods. Some have suggested it is time for crafts to "grow up", and are considering shedding their identification as craft producers. But really they are still craftspeople: it is craft that is expanding. These craftspeople are absorbing industrial technology, rather than the reverse.

Other clients are quie proudly determined to retain their craft identity, and intend to expand buyer awareness of what craft can offer. In any case, it is a craft sensitivity to materials, design and execution, whatever the process involved, that will ensure quality in production and the special life that good craft products embody.

The observation that industry can produce what the American architect and chair designer, Charles Eames, called "good goods" must be faced. Companies like Finland's Arabia, and Denmark's Dansk are clearly built on craft and design, but they are indisputably major industries. There industries produce goods that are well designed and well made: products that add to the quality of our esthetic environment while performing as promised, even with age.

The esthetic value of such manufactured goods has led to the perhaps oversimplified but useful observation that within craft there are three distinct esthetics:

. Studio craft involves hand duplication of each design. Here, the inherent variability of handwork lends to each piece an element of spontaneity. No two pieces are exactly the same. For many people, both makers and buyers, this is the attraction of studio craft.

. Art craft carries the esthetic of art. Each piece is

a distinct, unique, creative and intellectual event.

. Production craft is characterized by a refinement, a distillation, a careful honing of design, at least in the aspects that are mechanically reproduced. The stakes are so large, given the technical and financial realities of tool-up, that a design for reproduction must be very carefully worked out. That piece must satisfy the maker a great many copies later. In this sense, production is a very significant design opportunity for those so inclined.

The three esthetics are equally worthy and, in the politics of the craft scene, this view is now gaining ascendency. It is very much a personal choice which way a craftsperson will lean, although the choice may well be a choice of work style, with the favoured esthetic a consequence.

One pottery client has found the production esthetic and the production process suits her perfectly. She thrives on the focussing process whereby a form is honed just right. She enjoys the micrometer precision required to produce molds for that form, and then expresses her need for spontaneity and artistic expression at the decoration stage. (The latter stage is also brief, and therefore economic). She will not mind watching helpers do the casting when her business reaches that stage, but she is very skeptical about studio growth beyond the point where she can do all the decorating. A well established studio potter, in contrast, got out of his large apprentice-based studio operation when he realized his hands were no longer in the clay.

Many of the studio craftspeople consulted say they require the spontaneity of studio work, and seem to find the focussing required for production to be fettering, but it appears that some studio craftspeople

are reconsidering. Some admit to being bored. Their work is mostly repetitive and solitary and, to them, the variation from multiple to multiple no longer qualifies as an expression of creativity. They see the problems inherent in taking an employee into a handwork operation. The process was slow in the first place and this merely doubles the hands. By the time studio assistants have the required skill and sensitivity, they want to do their own work. In short, trying to produce volume with pre-industrial technology is a good way to burn out, especially if the maker has post-industrial expectations.

The mold-making client also speaks of the hidden potential of extreme focus: "When you focus yourself enough, just when you thought your opportunities were terribly constrained, they suddenly explode". Another client commented ironically that the only way she could afford to do one-of-a-kind work was to make and then reproduce production prototypes. This is neatly illustrated by a pair of Toronto cabinet makers using a carving duplicator: they can now afford to do more handwork, not less. Without the duplicator they could not even afford to do the originals: only the limited art market would pay the required prices.

So there are many factors involved in the swing toward the designer/manufacturer approach to craft. Briefly:

- Affinity for the production craft workstyle and its particular design opportunities.
- Attraction to the technical possibilities of the production process, to the ways in which it can do certain things better.
- Interest in the business challenge of a larger operation.
- Adaptation to larger markets by choosing methods that can yield quantity, and consistency in

quality and character.

. Interest in production craft's potential for a higher return.

Income Considerations

Craftspeople must be very careful about the last point above. A more industrial approach is no certain road to wealth. The wrong person on the wrong road will experience disaster, and even the right person will not find it easy. Moreover, even if it is true that casting can make a potter more money than throwing, for example, that is not sufficient reason to try it. The approach must be one that the person can live and grow with on a profound level.

The financial risks are very real. Each client who has gone into a new production process has had to step out of production, in some cases for months, to investigate, learn new techniques, design and tool-up. Only then can it pay and, of course, only if it sells in sufficient quantity. A pewterer commented, tongue partly in cheek: "Like any reproduction technique, the moment of conception is very quick. It's the work before and after that takes the time". It may also be that the production approach does not pay off, relative to working alone, until the two employee stage is well in place.

The above notwithstanding, it appears that more studio craftspeople are looking in the designer/manufacturer direction. In part this reflects boredom and a search for new challenges. Certainly in large measure it is a response to their limited financial return. There is no doubt that this is so. A few do better but, on looking closely, these are often well established, hard workers who commit very

long hours to repetitive work.

As reported in Chapter 1, the average net incomes in 1981 of the 7 full-time craftspeople providing data with whom I have worked intensively is about $10,000. On average that was returned on 71 workweeks of effort, or at $3.43/hr. In contrast, the pewter client (who is included in the above average) is a well established five person production shop that can afford to pay its employes $5.50 to $8.00 per hour

The only national statistical study of craft in Canada, by Barry deVille and the Canadian Craft Council in 1975, reported the average income of professional craftspeople at that time to be about $8,680. If we assume that craft incomes have kept pace with inflation this extrapolates to about $14,000 today. My discussions suggest that this figure is unrealistic for the average successful, established studio craftsperson in New Brunswick. A few do significantly better, and it should be remembered that, if "established" means capital investment has tapered off, then keeping pace with inflation means annual improvement.

In any case an annual income of $10,000 is not necessarily disastrous; in many cases it is a conscious choice. Country living, relative self-sufficiency, voluntary simplicity and the many hidden benefits of running your own business can make such incomes acceptable. The disgruntled studio craftsperson has options:

- Accept and adapt to the financial limitations of studio craft.
- Try harder.
- Try to make it in the very tough world of craft medium art.
- Try to create a successful production shop with reproduction tooling, employees, and intensive

marketing.
. Get out of commercial craft.

Management

For the studio craftsperson who considers the techniques and esthetics of production, two other fundamental challenges arise. To run a successful production shop, the craftsperson must also be a manager and an aggressive entrepreneur in the world of business.

Most of those I have worked with are idealistic, and many are left-leaning. Their self image in the past has tended toward the artistic. Were they to hire employees, they would be very concerned about creating a work environment that they, the bosses, would continue to enjoy. In thinking about it, they are stopped by the apparent contradiction between worker satisfaction and productivity. I have found that they have no models at all to resolve this issue, to exercise social idealism in business. If we talk specifics, they fall back on Charles Dickens, and refer to grunt work, Joe work, or dog labour.

This issue, of course, has been with us in just this form since the industrial revolution began. Through the sixties and seventies alienation in the workplace and the problems of motivation and quality control became well known. Now, in the eighties, unknown to the craft community, this problem is being addressed by the business world. Production craftspeople have the opportunity to re-invent the industrial revolution, on both the quality-of-product level and the quality-of-worklife level. The challenge of working with employees will be one of the major issues in the next phase of production craft development.

A revolution is occuring in North America's large organizations, inspired largely by Japanese competition and Japanese management techniques. (Strangely enough, those Japanese techniques were picked up post-war from radical thinkers at American universities and business schools). This revolution is variously labelled collaborative management, worker participation, quality of worklife programs, or team building, and frequently it is acted out through a T-group-inspired exercise known as "quality circles" and backed up with profit sharing schemes.

The concept these labels have in common challenges what, in management, is now known as "Theory X": that people inherently dislike work and want to avoid responsibility. Rather it reflects a "Theory Y": that work is as natural as play or rest, that pepople want responsibility, and that the limits on collaboration in organizations are not the limitations of human nature but of management's ingenuity. One result of Theory Y is a principal that Fortune Magazine refers to as "almost a truism in modern management theory - that authority should be delegated to the lowest possible level."

Traditional management began with the industrial revolution and was refined by Frederick W. Taylor's work at the turn of the century. Taylor's principles of "scientific management" further reduced and simplified jobs in the pursuit of efficiency. Their ultimate result was the assembly line and the total separation of worker and management.

Taylor smashed the worker's involvement in the management of production. Pre-Taylor industrial workers may not have owned the means of production but they did have considerable involvement, if not control, in how the work was done. The new, highly fractionated jobs of industry could not provide the sense of purpose inherent in the work they replaced - crafts, small-scale enterprise and agriculture.

Most craftspeople with one or two employees will intuitively engage in participatory management and, in this, way they will be assisted by both the scale of their operation and the nature of the work. As the shop grows, however, keeping it on a constructive footing will be more mysterious and difficult.

Craft production operations in particular need a motivated, caring, involved and productive work force. We are indeed talking, to various degrees, about setting up factories. But we need alternative factories; alternative in the qualities of the ware they produce, and in the employment they offer. The hierarchical, internally competitive organizational model is today hard pressed to produce quality, let alone imagination and synergy (where the group's total energy output is greater than the sum of its parts). After the first glow of pride at turning out volumes of consistently fine work wears off, a sustaining and fulfilling force can be involvement.

Of course, initiatives in this area are fraught with difficulty. To quote Fortune magazine, "If it isn't entirely a leap into the unknown, it none the less leads into a wilderness of human emotion and power relationships." Moreover, different management styles are needed for different situations and different employees, and the right style will not always be collaborative.

A good deal of interesting material on participatory management is now in print* but this is almost all oriented to large organizations. Some small business guides talk about human relations and the personal growth of employees, but this author found nothing as stimulating and challenging as material oriented to large organizations. In all the literture, only in the magazine article noted below are these

* See Appendix C: Bibliography, for Fortune, Francis and Young, Kruse

ideas applied to the owner-manager situation. Certainly most craftspeople have great anxiety about being employers. They could use information in this area and opportunity for exchange with each other. When craftspeople seem to have no models newer than Charles Dickens, it is time for input.

It is interesting that craft anxieties about traditional hierarchical models can now be seen as legitimate, that their humanistic tendencies can, in fact, be functional in business, and that there are indeed organizational alternatives for their future with which they can live.

Strangely, what, to the corporate world, is radical, innovative and daring, to the sub-culture of which most craftspeople are a part is merely ethical, logical, and intuitively appropriate. But the sub-cultural imagination has failed to see how its ideals can be maintained in larger structures. Small may be beautiful but in the past craft has almost invariably retreated from challenge to micro. Production craft has thereby severely limited its goals, its economic viability, and the scale of its economic contribution to the national fabric.

Entrepreneurship

The other fundamental challenge to the craftsperson considering production is entrepreneurship itself. About the mid-point in this contract, a vague but potentially critical discomfort was apparent among the client craftspeople. New ideas, new information, new scenarios and new models had been injected. The clients had been deeply challenged. But there was something beneath all the details that was bothering nearly everyone and no one could put his finger on it. Then an article

about Robert Schwartz and his School for Entrepreneurs was received, and this was passed around. This material touched the clients more deeply than any other material distributed over the length of the contract.

Essentially, the clients were struggling with the artist's notion that business is evil. (Of course, most "successful" artists seem to be excellent business people.) Schwartz, whose school for entrepreneurs the New York Times once called "A mixture of a Buddhist monastery and the Harvard Business School", provided an alternative viewpoint. In short, he argues that there is a new breed of entrepreneur afoot. These people are acting out ideals where they can have real impact, in the marketplace. They are not merely "in it for the money". A substantial exerpt from that important article follows.

A Reading on Entrepreneurship, from "Zen and the Art of Target Marketing

When Schwartz first opened his school for entrepreneurs in 1977, the students were mostly counter-culture types - idealistic young men and women full of energy and ideas who also happened to share feelings of hostility and suspicion toward the world of business.

"I found", says Schwartz, "that for many of these students becoming an entrepreneur constituted an unexpected right of passage into adulthood. Many of them found themselves going through as much of a ritual ordeal as any young Indian brave on his first solo trek into the threatening forest.

I told them their vision had already created a new interest in the quality of life, but that their anger at business kept them from realizing a crucial fact: Entrepreneurial innovation is the principal route by which new ideas become available to the public ... Entrepreneurs are the poets and packagers of new ideas ... both dreamers and doers.

Coming to grips with money was clearly difficult for many, he adds. "They needed to realize their ventures were personal essays, visions expressed in the discipline of the marketplace. Money is simply the "grammar" of the essay. It's not the heart of the venture but the tool which you must honor."

Schwartz was quick to agree with his students' negative views of old-style entrepreneurs. "But", he told them, "the New Age entrepreneur isn't just interested in social change. It's time to take your boat out of the attic and put it into the water".

... These new entrepreneurs also have an entirely new concept of vocation, Schwartz maintains, something the Buddists call "Right Livelihood". Working at a boring or alienating job, whether it's climbing the corporate ladder or clocking in and out of some version of a salt mine, can be a livelihood; but a Right Livelihood is work that engages the heart as well as the mind and body, work that "develops selfhood, fosters companionship and nourishes the earth". A growing number of entrepreneurs, he told the interviewer, are finding ways to follow these precepts and turn a profit; "These entrepreneurs aren't something to invest in, they're something to believe in".

Comments by and about Robert Schwartz, from an article entitled, "Zen and the Art of Target Marketing", by John Love, in TWA Ambassador, August 1979.

For information on the School for Entrepreneurs, write:

The Tarrytown Conference Centre
East Sunnyside Lane
Tarrytown, New York 10591

Chapter 3: PRODUCTION SHOP DEVELOPMENT

Guidelines for Programs, Development Workers and Craftspeople

The Development Process

Clearly the production option in craft is a coherent package of interrelated elements: design for production, reproduction tooling, employees, volume wholesale (with whatever level of retail seems appropriate) and, initially at least, production of a limited number of different pieces in volumes considerably larger than these feasible with studio production methods.

The starting point for all the clients is studio craft, where they have worked alone, selling mostly retail, in by-hand production. The path from the studio to production and the first employee has been labelled Stage 1. This development period is characterized by 10 clearly-identifiable steps:

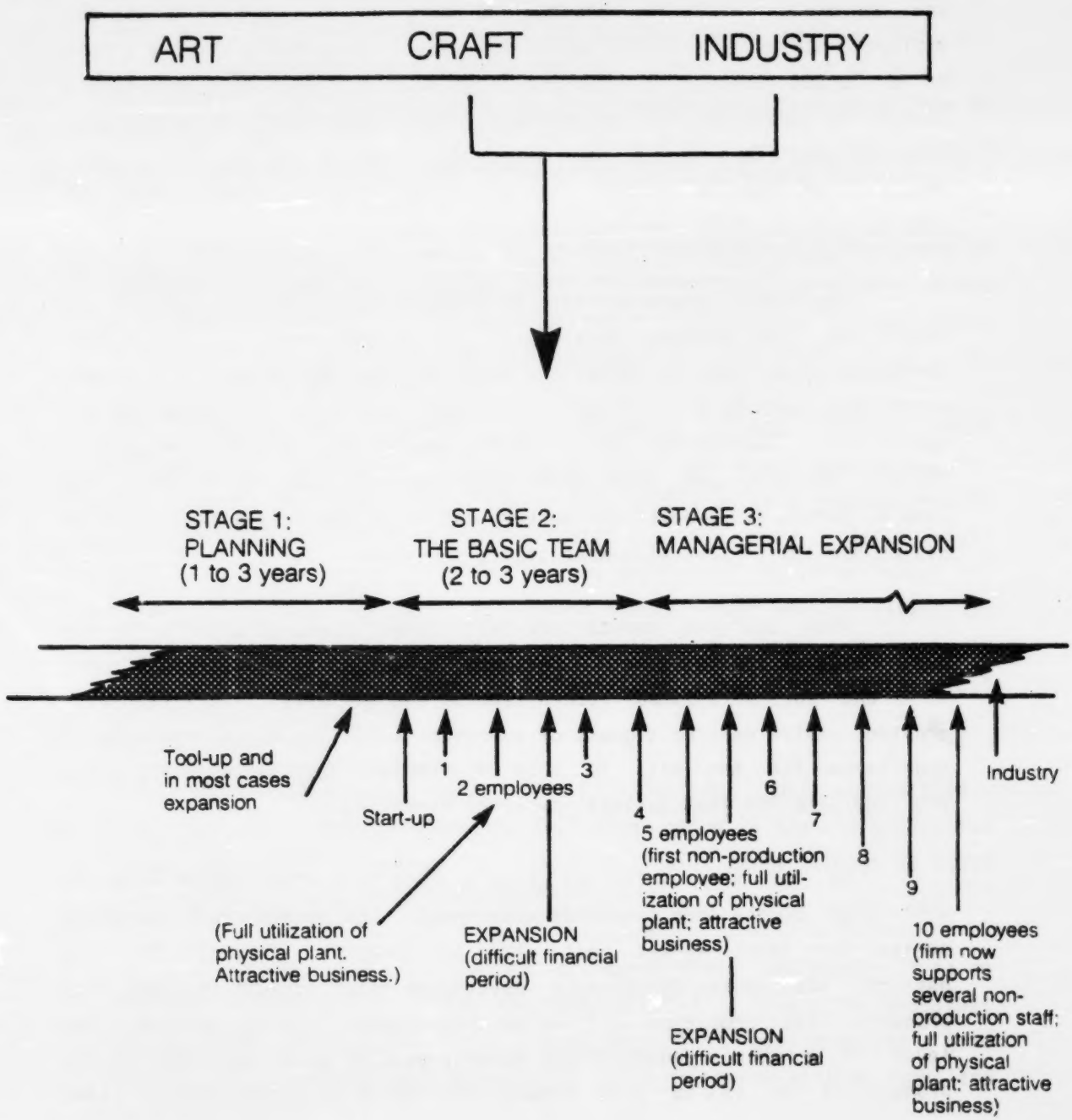
1. Long Term Planning ... Where are you now?
   Where will the production approach take you?
   Do you really want to go this route?
2. Design for Production
3. Market Research and Planning
4. Technical Research and Planning
5. Business Plan with Financial Feasibility Analysis
6. Financing Search if Necessary
7. Marketing Testing of Prototypes
8. Financial Application if Necessry
9. Tool-Up
10. Start-Up

While these steps are not rigidly sequential, this conceptual pattern has proven useful many times. Some steps, steps 2, 3 and 4 for example, are highly interactive. Plans in each of these areas will be revised as new information is found in the others. Other steps will be passed over altogether, as 6 and 8, or taken simultaneously, as 3 and 7. In any case, Step 1, "Do You Really Want To Go This Route?" is primary.

All of this takes our studio craftsperson to the door of management and Stage 2. Stage 2 involves growth from one to about five employees. (See Figure II) With tool-up comes one employee, and in the folowing year one or two more. Faster growth seems very unwise and, in any case, is very unlikely without a large expenditure on marketing.

This is the point, it appears, with two or three employees, at which the venture begins to pay off financially. Prior to the two employee stage, it may be more profitable to work without employees.

FIGURE II: PRODUCTION SHOP DEVELOPMENT



When the craftsperson begins this venture, sufficient shop space and equipment should be secured to carry the shop through to the two employee stage. Expansion beyond this level will likely involve a move to a larger shop - a distinct Stage 2A. With that move will come a plunge in profitability as overhead jumps. This difficult period will ease as the shop grows and makes full use of the new facilities. Pressure on the owner will ease as the shop reaches Stage 3, with the addition of its first non-production employee.

The chief characteristic of Stage 2 is the changing role of the owner, and the gradual development of a work team. As team growth continues from one to five, the owner will be less involved in actual production and more involved in design, tooling, job planning and coordination, marketing and financial management, personnel relations, trouble shooting and long term planning. As such, he or she is the shop's first non-production worker, at first for only a small part of his or her time, later with more staff, for more.

With business growth inevitably comes increased concern for the human side of the business - - personnel relations in conventional terms - - and for more formal record keeping and analysis. The latter will provide early warning signals of changing conditions in an organization too large for the boss to know everything that is going on, and a pre-requisite for institutional types of financing.

As the shop grows and seeks a place in a wider market area, it will also become more concerned with image. The studio craft operation serves its local market best with an informal, personal air. The national shop must consciously develop an image through its name, its products, its promotion and sales literature, and its service. The level of a shop's promotion and service must be up to the level of its product if it is to gain credibility as a reliable, sophisticated

company producing a quality product.

Stage 3 begins with the hiring of a first non-production employee. This occured for the pewter operation with employee five, and it does appear that this will be typical. With a work team of this size the need for additional help becomes acute and there should now be sufficient production to cover the new expense. In the pewter shop's case, the second non-production member of the team handles marketing and accounting. In other cases that job may be the owner's and a production co-ordinator hired instead. All of these comments, of course, need be appropriately modified in the case of family or co-op owned craft businesses, depending on the exact division of responsibility and degree of involvement of the family or co-op members.

Beyond this stage, the present project offers little information. Presumably before long there will again come a need for more space and equipment. Again this will involve a drastic hike in overheads and a cash flow squeeze, until the shop grows in sales, staff and production to fully utilize its new expansion. By 10 employees the shop will likely be able to support several staff who are largely or wholly non-production, of which one would be the owner. These people would handle production management, marketing, accounting, and technical services and development.

With this much said, let us stop for some perspective. Relatively few craftspeople in fact are going to try the production route, and fewer will make it. Fewer still will carry through to stage three and other non-production staff.

This is partly a matter of temperament, and partly it is an artistic consideration. The key turning point is likely two employees and a gross of $100,000 - $120,000 a year. This level promises a good measure of viability, but beyond this point the owner will be much less

involved in the physical making. With further expansion, artistic or judgemental production steps that have been exclusively the owner's will now have to be delegated from sheer volume. Some craftspeople will not want this to happen. Others will argue that it cannot be done, that no one else could do this work, without losing the spirit of the work.

Craft and Small Business

How, then, does craft production development differ from small business development? Does it? That many craftspeople cling to the hands-on experience is a strong hint.

Very few craftspepole have a background in business, and nearly all share an artistic orientation. They have a great deal to learn about business.

Also, craftspeople are likely much more conservative than the average entrepreneur. They have no intention of risking failure. Theirs is a life commitment; not just any good business opportunity will do, and their work history leaves them prepared for little else but teaching. So the vast majority of craft businesses are small, low cash flow operations that grow very slowly and mostly without debt.

The production-oriented craftsperson is, of course, thinking on a slightly bigger scale, but their tendencies as cautious, low cashflow survivors should not be discouraged. These may be just the skills for the eighties.

Craft production also diverges from most small business in the nature of its product, and in this there are many implications. A

unique, top quality, relatively high volume product, with subtle design, superlative finish, and perhaps sensitive one-of-a-kind features, is a very significant technical challenge. Product development time will be quite substantial, and for this there is no financial assistance available.

As businesses go, it looks like the successful production craft business of reasonable size will do quite well. Employees and owners will not get rich, but a successful five to ten person shop should eventually be able to pay employees $5 to $10 per hour, and $20,000 - $30,000 per year to the owner (1982 dollars).* To accomplish this, craft entrepreneurs have a great deal to learn, they will need help especially in marketing in the early stages, and they will take quite a while to get there. Craft development workers and programmes, and small industry programs, especially in the eighties, should show patience.

Small Business Resources

Most professional craftspeople take their craft training quite seriously. Those considering the production route should likewise take their business training seriously, and the place to look is small business not craft.

There are three main areas of concern:

- Small business planning and proposal development.
- Manufacturing feasibility studies (one element in the above).
- General business and financial education.

* See "Will it Fly" below.

The best general resource guide for small business development reviewed is concise and free. Entitled A Guide to Small Business Management, it is funded jointly by the Canadian Federation of Independent Business, and Ryerson Polytechnical Institute. It is available from:

Project Self-Reliance
Ryerson Polytechnical Institute
285 Victoria Street
Toronto, Ontario M5B 1E8

This booklet begins where the potential production craftsperson begins, with an idea, and carries through to material that will not really be relevent for five to ten years. The initial steps it details are much the same as those identified by other guides to small business and those listed at the beginning of this chapter.

The craftsperson should try not to be intimidated by this sort of material. No one can learn everything at once. The craftsperson should be prepared to digest this sort of material over months and years.

Aside from a variety of background information, the Project Self-Reliance guide and most others focus on developing a business plan, and marketing. A sophisticated business plan will be required for either bank or government financing and, in either case, the cornerstone will be marketing. The Department of Commerce and Development in New Brunswick, for example, has a very attractive financial assistance to small industry program, and a number of craftspeople have obtained funds for capital expansion under this program. Typically, Commerce and Development requires a business plan, and their bottom line is

marketing: "Can you sell the product?"

In brief, a business plan involves the following:

- Applicant's background, and present status of craft business.
- Long Term business objectives.
- Product features: the market niche
- Marketing plans.
- Capital requirements
- Present assets
- Shop and equipment requirements; shop layout; production process
- Profit and loss statement and balance sheet.
- Working capital requirements (cash flow analysis).

A good free guide to planning a small venture is the Royal Bank's Starting a Business. This publication provides checklists, worksheet blanks and questionnaires covering all the vital considerations from self-assessment, to operating forecasts, to a sequential action plan. Starting a Business is part of a free Royal Bank series titled Your Business Matters. Together the booklets in this series provide a substantial course in small business management. Other booklets in the series that wil be of particular interest to craftspeople looking at expansion are How to Finance Your Business and Financial Reporting and Analysis.

For a brief course in small business management and planning, the craftsperson should look at the Bank of Montreal's pamphlets, The Small Business Problem Solver Series.

Will it Fly?

The profit and loss statement is the heart of any business proposal. Craftspeople work out "profitability" all the time, but crudely. The standard profit and loss (P & L) evaluation is standard for good reason and has proven itself in consultations with many of the clients during this contract. The P & L projection, or pro forma P & L, or pro forma income statement, essentially is an imaginary year end report done for each of the first three years following implementation of the business plan. The P & L shows all costs -- including loan interest and depreciation charges -- broken into costs that vary with production, and costs that remain constant within a relevant volume range. (The projected P & L format is essentially that of the familiar Statement of Imcome & Expenses form required by Revenue Canada for those reporting self employed income.) With the P & L completed, the entrepreneur can see what sales must be to break even (i.e. to meet all debts including owner's salary), and what the profit picture will be if production potential is met and sales are adequate to keep inventory to the planned level.

The P & L requires the craftsperson to look at his or her future in a business over time. Most craft projections are based on a particular item, but this really has little validity. It is total shop performance over the year that counts. The P & L's main effect is to make the entrepreneur define assumptions. What does it really cost to make that briefcase? How long does it take? How many hours in a week are actual production time? How much of each item are you expecting to sell in a year? At what price? What will it cost to set up the new operation?

As much as the P & L seems like an exercise in fantasy to the craftsperson, it ends up being very useful and real. It is valuable and necessary for its own sake, even when applications for money are not at issue.

In making concrete plans and projections, the craftsperson soon realizes he or she should be projecting an attainable and desirable future. This must be a realistic projection, or it is useless now and will cause stress later.

One very good resource for doing a craft P & L is A Do It Yourself Feasibility Study for Small Industry.
This is available for $15 from:

The Institute for Small Business Inc.
Box 1240
Kitchener, Ontario M2G 4H1

This is a workbook providing both example calculations and blank worksheets for each step in the P & L process. The case study presented is a paddle and oar factory.

In practice, in this contract, there has been a great need for rules of thumb to precede the intensive P & L. The P & L takes considerable time, and generally is done several times as assumptions and options are changed. A procedure has been developed by this consultant to confirm quickly whether the scheme is worth looking at further. This is a simple rule of thumb:

Profitability Rule of Thumb for Production Craft Projections

wholesale value of a piece LESS direct material costs per piece ÷ projected production time in worker hours after tool up & test runs MUST EQUAL approximately $35 per workhour gross profit to even consider the proposition if a return on the order of $20,000 per year is expected for the owner.

Note: Remember rules of thumb are very rough shortcuts. This is no substitute for a thorough profit and loss projection.

For example, consider a wooden box that takes 35 minutes for one person to make. If the box will wholesale for $22, and costs $2 in materials, it will yield (22-2) / (35/60) = $34 50 per work hour.

This rule of thumb of $30 to $35 per workhour after direct material costs was arrived at as follows:

- Assume that the shop's production items average to $35 per work hour, after direct material costs, and after being weighted by expected volume if yield differs widely.

- Assuming 46 working weeks a year, 40 hours a week, for owner and two staff, with 40% of all time in non-production activities, (i.e. .06 of all time is productive) then: gross profit for year = $35 x 46 weeks x 40 hours x 3 peoplex .6 = $115,920.

- If on average* 26% of gross sales is materials,
  then 74% of gross sales = $115,920
  and 100% of gross sales = $115,9920 x 100/74
  = $156,648

- Assuming wages at $7.00 and $5.00 per hour and benefits at 8%, or a total wage bill of $518 per week, for 52 weeks (allowing 6 weeks paid statutory holidays, vacation and sick leave),
  Total Wages = $26,936

- Assuming fixed overheads (less owner's salary) of 33% of gross sales**, or .33 x $156,658 = $51,694.

- Then net profit plus owner's salary
  = $115,920 - $26,936 - $51,694 = $37,290.

- If owner draws $20,000, net profit to shop
  = $37,290 - $20,000 = $17,290. or 11% of gross sales.

Obviously this is a very rough projection, but it does give some terms of reference, in particular for evaluation of production products and processes.

* Average for full timers responding to questionnaire was 26.2%.

** Average for full timers responding to the questionnaire was 25.65 but the only shop with full time help (5 employees) reported 40.5%. The average of these two figures, 33% is used here where the shop employs two in addition to the owner.

Additional Small Business Resources

RoyNat and S.B. Capital, two Canadian venture capital firms with an interest in small and medium size businesses, offer an exhaustive home study program called Successful Business Management. Twenty-six sessions requiring about 90 minutes each are provided for the course fee of $12 per session. The accumulated material covers a broad range of topics, and comes complete with questionnaires and worksheets.

Write: Successful Business Management
99 Doncaster Avenue
Thornhill, Ontario L3T 1L6

The Federal Business Development Bank offers inexpensive half and full day courses in the basics of small business. See your phone book.

C.A.S.E., the Counselling Assistance for Small Industry Program, offers low-cost professional assistance to small business. CASE employs retired business people, subsidizes their travel and expenses, and claims they will fly in a counsellor from anywhere in Canada, if necessary, to meet your needs. See your phone book. Use CASE and FBDB as a small business info service.

The Small Business Hotline is a free information service of ITC's Small Business Secretariat. Call 613-995-9197 collect with any questions related to small business and the Federal Government. Excellent service.

Information on marketing in the U.S. can be obtained from the Office of U.S. Relations, Department of Industry, Trade and Commerce, 235 Queen Street, Ottawa, Ontario K1A 0H5. Call 613-996-5471.

Nails, a short film by the National Film Board elegantly poses philosophical questions involved with industrially - oriented craft production. The film depicts the making of nails in 1800, 1900 and 1980; no dialogue.

Small Business News is a free publication of the Federal Business Development Bank. A useful publication. Write: FBDB, Box 6021, Station A, Montreal, Quebec H3C 3C6.

Improving Work Groups, A Practical Manual for Team Building by Francis and Young, at $24.30 Cdn. may prove an important book for growing businesses trying to create a positive, fruitful work environment. Published by:

University Associates
9517 Production Avenue
P.O. Box 26240
San Deigo, California 92126

Collaborative Management, Alternatives to Heirarchy by William Kraus is aimed at large organizations, but is one of few texts dealing with alternatives to the boss-as-enemy / employee-as-peon syndrome. Published by:

Human Sciences Press
72 Fifth Avenue
New York, New York 10111

Marketing

The consensus, among the consulted New Brunswick craftspeole who travel, is that New Brunswick has one of the best retail craft environments in North America. Prices here are high and sales have been so good that only recently have craftspeople begun to market outside the province. Most in-province sales are to New Brunswickers, according to the best provincial estimates.

The province is well serviced with retail craft fairs throughout the year, particularly in the Fredericton area where the bulk of the buyers and many full time producers reside. Recently, with the help of the Northeast New Brunswick Craft Development Program, craft production in the Acadian northeast has developed rapidly along with local retail shows.

Established craft producers seeking more volume in the last few years have also been attending Christmas retail shows in Halifax, Ottawa and Toronto and the Atlantic Craft Trade Show, which is the only wholesale craft show in Canada. Last year Le Metier D'Art, the big Montreal Christmas show, opened to non-Quebec residents, and one New Brunswick shop attended, the project's pewter client.

These shows represent a lot of marketing time. One client, a blacksmith, estimates he spends 15% of his working year marketing at the shows. Fifteen percent of wholesale happens to be a typical agent's fee. Doing more retail shows is a doubtful proposition, with the travel, accommodation and staff costs that distant shows would entail.

Clearly, if shops are to increase volume by utilizing production

processes and hiring staff, they will have to consider their marketing options.

There are at least possibilities:

- Retail craft shows.
- Wholesale craft shows
- Gift shows through producer's own booth
- Gift shows through collective booth (co-op or government service)
- Gift shows through agent's booth
- Specialty shows (e.g. leather, furniture, sporting goods, etc.)
- Wholesale through travelling agent
- Retail mail order
- Wholesale to mail order catalogues
- Corporate gifts
- Export

These options were examined during the contract, and attendance at Gift Shows through a provincially run booth was selected as the appropriate choice at this time. All involved still feel this was the right decision, but the marketing experience indicates real success will take time, as well as and aggressive efforts by phone and mail in support of these shows.

Of the 12 lines shown in the provincial booth, only one, the pewter shop's, was large enough, saleable enough, adequately supported with promotional material, and available in sufficient volume to attract commercial agents. The pewter shop has decided to take on an agent in the west as a result of an approach at the Calgary Gift Show. Evidently, studio craftspeople just entering production are several years away from being attractive to agents. Taking on an agent is not necessarily being recommended here, but a good agent's interest is a

valuable indication of market potential.

There are now several nationally geared agents and several smaller agents specializing in crafts. The major agents attend all the gift shows and operate full time showrooms in major cities. Most agents are looking for substantial lines capable of $100,000 a year in sales, and for production shops capable of that production.

Specialty shows, retail mail order, corporate gifts and export did not receive more than investigative attention by the project. The major gift shows, it was decided, were a higher start-up priority. Consequently, proposals were made to the Province, and, after discussions, some additional funding was provided, enabling presentation at Toronto and Calgary in January and February.

The gift shows are where much of the smallware in the retail stores across the country is purchased, from the very finest to the junkiest. Southex Exhibitions* puts on two shows a year in each of Vancouver, Calgary, Toronto and Montreal. Kastner Show Productions** puts on two shows a year in Toronto. Show length varies from three to five days.

The scale of these shows is boggling. The Toronto Southex shows involve approximately 500 exhibitors renting a total of 1,500 one hundred square foot booths for $4.25 per square foot. It takes a full day or perhaps two just to see everything once. These shows are fully booked, and space is available only as manufacturers or agents drop out. The fall 1980 Southex show in Toronto attracted 10,000 stores which purchased over $20 million worth of goods. Attendance and sales were down this spring with the current recession, but regardless, these shows

* Head Office: 1450 Don Mills Road, Don Mills, Ontario M3B 2x7
** Suite 102, 33 Isabella Street, Toronto, Ontario M4Y 2P7

remain the big time.

It is vital, in attending these shows, that small craft producers make firm decisions in advance about maximum sales to be accepted and delivery dates promised. It is quite possible to retain control. Of course, small limits and distant delivery dates do not inspire business credibility and the well established shop that meets buyer requests will benefit. But many buyers do seem to be prepared to handle inconvenience for unusual products. The real danger is over-ordering. There are numerous examples of craftspeople who attended trade shows too successfully and could not fill their orders. This is very bad business for everybody.

The New Brunswick experience at the Toronto and Calgary shows was humbling and educational. The 12 producers were prepared to accept $200,000 in sales, and received $12,000 with abour $5,000 in immediate follow-up orders. On the other hand, endless compliments and encouragement were received. Sellers, we were told repeatedly, should not have high expectations in their first presentation. (Of course, this was difficult.) Visibility, credibility, and a base of previous buyers take time to develop. Moreover, sales were down generally and the presentation had failed to get into the older and more lucrative Toronto Southex Show.

The conclusion drawn by the sales staff, which included this consultant and George Fry, a contract sponsor and the senior craft official in New Brunswick, was that this was a good "first draft". As market research on specialized, high quality, relatively low volume products, it was invaluable. Clearly a few lines should be dropped, for a variety of reasons. Others need better finish, or expansion or re-orientation. Almost all needed attractive, durable company and origin labelling. "Made in Canada" is an essential sales feature.

Generally, we found buyers are looking for dependable supply in required volumes (sales literature and labelling helps gain credibility here), creativity (something 'new'), price, and finish. There is no room for 60's handcraft funk. To buy from samples or sales literature, products must be consistent in quality and character, with variations sold as a creative feature within well defined limits.

Other comments follow:

. Substantial, coherent lines will do much better than odd pieces or small lines.

. Accompanying lines should be business cards, content labels where required by law, and price lists (with sales terms and preferably, with drawings and photographs). Product information tags or display cards help as well. Sophisticated catalogues can come later.

. Pre show invitations should be sent to old customers and prospective clients. The shows provide a buyer attendance list from the previous show, sorted by store type in some cases.

. Displays should be sophisticated but approachable, and must meet local fire retardancy regulations.

. Credit references should be requested of new buyers. This is standard practice. A simple form should be provided by the booth. In rough times with high rates and bankruptcy, it is the wholesaler that gets left holding the bag. Recently it has become more common for wholesalers to ask for more than good references. First orders are often COD or pro forma, with 30 days on follow-up orders. Becomming more common is 1/3 COD or pro forma on all orders. (Pro forma means that once the order is made up, the customer is invoiced. When the amount required pro forma, i.e. in advance, is received, the order is shipped.)

. In designing for this market, be aware of and serve trends and local/regional interests. Creativity sells.

. Honour delivery date promises, and fill re-orders promptly. Write and apologize promptly in case of delays.

. Be aware that this is a highly competitive market where price is a major factor. Non-local volume producers are rarely able to benefit from premium prices paid by local craft afficionados.

. Do not try to compete with local craft products. If it is handcraft a store wants, it will buy local, and there are plenty of handcraft people everywhere in Canada. Trade show work must be different and flawlessly finished.

This last point brings up a contentious and painful issue. Should production craft work even be identified as craft?

This issue was highlighted by a discussion that took place recently between the consultant and a saleswomen in one of Fredericton's quality gift stores. On hearing of our products, the woman replied: "We don't buy local craft products". She indicated that they could not get the finish, sophistication, consistency or delivery from craft, and that they buy all their work at the gift show in Toronto. This is not a unique comment. The blacksmith client had a similar conversation with an owner of another local, high quality gift store recently. This woman expressed strong interest in his line, but regretfully said she bought all her work at the Toronto Gift Show! A look at the buyer list for the Atlantic Craft Trade Show indicates that the large, high quality gift stores in the Atlantic Provinces are not attending that show.

The large gift shops and the large gift shows are the big markets. Average booth sales at the Toronto Gift Show are triple those of the Atlantic Craft Trade Show. But the large, high quality gift shops do not expect to get what they want from "craft". They must be made to see that production craft can meet their demands.

Chapter 4: CRAFT AND GOVERNMENT

The Costs and Benefits of Government Involvement in Craft

Unquestionably crafts are small time. No craft operation is going to employ 200 people in the foreseeable future, and one substantial industrial plant employes more than all craft operations in New Brunswick are likely to employ in the next five years.

Nor are crafts a high profit, high growth or high tech industry; but professional craft operations are home-grown and quite stable. They may not be economically glamorous, but they are not likely to disappear.

Even studio craft and craft medium art operations that employ no one but the owners bear up well from this perspective. They serve local needs, enjoying local loyalty and keeping money circulating within their community. They provide the owner or owners with employment, which translates directly to reduced pressure for job creation and social assistance. This alone justifies financial encouragement at an appropriate modest level, aside from the cultural benefits occuring from craft development.

The level of social and economic benefit per government dollar expended in production craft operations is difficult to calculate, but a projection can be based on the production craft marketing program begun under this project. As it stands at the moment, this involves attendance at two gift shows and about 40 days consulting per six month period. This will cost the Province about $18,000 per six month period.

Over five years this program will cost something less than $180,000 (1982 dollars), given a progressive reduction in subsidy for producers repeatedly assisted. This should directly facilitate at least 10 shops to add at least three jobs each. At an average wage of $5.00 an hour, wages totaling $312,000 per year would be added, or nearly $1.56 million in five years. If these shops produced $40 wholesale worth of goods per production hour, with 40% of working time in non-production activities, a total of nearly $1.15 million per year in additional company revenue would be received, or $5.76 million in five years. Much of this production would be sold outside the province, while much of the revenue would be spent locally.

This projection is conservative and it ignores cultural and social benefits. As a straight line projection, assuming 10 shops adding three jobs each, it does not take into account spin-offs and general impacts on the craft sector. The dramatic success of 10 small

firms in a small region, in a new type of endeavour, would be highly stimulating. More craftspeople will see production as a possible route and they will better understand how it is done. New support systems will be well in place. Craft training and design opportunities through employment in production shops will significantly affect the studio and craft art operations. However, production shop products will not compete with studio work, since the studio has the distinct mark of handcraft.

Given this projection, new initiatives in support of production craft development are warranted.

Fish or Fowl

Jurisdictional problems are the bane of craft development at the moment. Responsibility for craft at both provincial and federal levels has been divided between culturally-oriented departments and economically- oriented departments, with occasional involvement by departments responsible for social or rural development and arts agencies. Additionally, there has been massive confusion among the various players over what craft is. The notion of a production/studio/art craft spectrum with a variety of characteristics, outputs and needs should help clear up this confusion. The square peg/round hole problem frustrates everyone.

Two governmental options are apparent. On the one hand, craft could happily remain an octopus, of interest to various supporting bodies, if each is sensitive to the type of craft that falls within its mandate. For example, as production shops develop there is naturally a

point at which they will turn to New Brunswick's Department of Commerce and Development and to the federal Department of Industry, Trade and Commerce and its announced successor, The Department of Regional Industrial Expansion, if those departments are sensitive to these fledgling companies, their modest growth rates and the peculiarities of their design and quality orientation.

On the other hand, a new program dealing with all forms of craft could be mounted under one roof federally, and another single roof provincially. Funding could be re-allocated from art and industry budgets so these new bodies could serve the breadth of the craft spectrum.

A compromise arrangement might be for those bodies closest to craft to act as brokers, soliciting the understanding and cooperation of others. Obviously, an articulation of appropriate development policies by the government would be required to make such efforts effective. As the material in the balance of this chapter makes clear, the third approach, combined with the first, is the most reasonable.

Established Government Programs Serving Industrially-Oriented Craft in New Brunswick

Government is serving craft quite well in New Brunswick. Some of the elements described below have begun with this project, but are continuing. The critical problem areas are assistance for product development, market identification and promotional materials. In all of these instances, action now being initiated may alleviate the problem.

1. Small Industry Financial Assistance Program
(New Brunswick Department of Commerce and Development

This program offers assistance with approved capital costs (buildings, machinery and equipment, site servicing and improvements) on a forgivable loan basis. New ventures are provided with 50%, and expansions are provided 30% of total capital costs, with repayment forgiven if the venture is still in business two years later. The applicant must contribute 20% in equity.

This program is looking for basic business abilities and viability (as seen in the proposal and demonstrated by the applicant), ability to market the increased production and, usually, an industrially-oriented approach. The maximum approved capital cost is $150,000, and there is no minimum. Job creation beyond self employment is not an official pre-requisite. Final recommendation is given by a board made up primarily of New Brunswick business people. Final approval is given by the Minister of Commerce and Development.

The Small Industry Financial Assistance Program began in 1973. To date it has spent $10.5 million, which was matched by $25.5 million from applicants, and produced 2,100 jobs. This averages to a government investment of $5,000 per job. The failure rate of companies receiving assistance was only 7-8%.

Seven New Brunswick craftspeople have received funds under this program, of which four have worked with the project, three intensively. All seven have proven good bets, in that they are still in full time business.

This is a good program and it has shown sensitivity to craft in the past. It is, of course, strictly a business development program

with no concern for cultural development, or in this instance, craft quality. Marketability and profitability are its sole concerns. Economically viable production craft schemes will likely be accepted by this program if well presented, as they fit the industrial model required.

2. The New Brunswick Economic Development Commissioners:

The twelve New Brunswick Economic Development Commissioners work out of local offices to help business and industry connect with the appropriate government resources. Of note here, they help with the application process to the Small Industry Financial Assistance Program, and provide a pre-screening function for the Program. The Capital Region Office has been extremely helpful to this project. It is a valuable, free, business expansion consulting service that serves the slow growth, small-is-acceptable position taken in this report.

3. Industry Services Division (New Brunswick Department of Commerce and Development):

This office handles a collection of programs including ones for market and technology identification within Canada, marketing within Canada, brochures, research and development, and management training. Funds are very limited and, understandably, priority is given to larger and more established enterprises than are spoken of here. However, over the course of this project an increasing level of sensitivity and interest has been shown and negotiations are ongoing for assistance with a comprehensive marketing plan involving all of the promising production shops. The trade shows are one element in this plan.

4. Assistance for Employee Training:

Assistance with employee training-on-the-job is available from both Canada Manpower and the New Brunswick Department of Labour, to subsidize employee wages during training. The provincial program will assist for up to 26 weeks and has, in fact, supported several studio craft operations. The federal program is more industrially-oriented and is available for up to 52 weeks. No applications to the federal program have been made by New Brunswick craftspeople to this consultant's knowledge. Neither program is available for research and development in the guise of self-training.

5. The Federal Business Development Bank and its Counselling Assistance for Small Enterprise:

FBDB offers loans, loan guarantees, and equity financing. Clients with this project have not had occasion to use the Bank's financial services so no observations or comments can be made. Experience with the Bank's business training program has shown these to be well geared to the basic needs of all professional craftspeople although, of course, the quality of service depends on the staff involved. C.A.S.E. counselling assistance in bookkeeping has proven valuable in the project.

6. The Small Business Loans Act:

Loans through commercial lenders under the Small Business Loans Act may prove valuable to expanding craft businesses in the financing of capital assets. Project clients are only now exploring this option so no comments can be made, beyond the observation that commercial lenders generally do not seem to be promoting this lending option. Loans are guaranteed by the government, and are offered at 1% above the prime lending rates of chartered banks.

7. The Craft Industry Development Worker:

A position of this nature was created by this project. This was the action side of this "action-research" contract. The province has decided to continue this service on a trial basis to the extent of four days fully-subsidized consulting per month, plus additional time required for trade show presentations. The Northeast New Brunswick Craft Development Program, as mentioned below, has also had a fieldworker working in the studio and art craft sectors. Several other provinces employ craft field-workers as well, but an informal count indicates fewer than a dozen positions of this sort in the entire country.

The experience of this project is that, of all of the programs discussed here, the fieldworker position should receive the highest priority. Assistance programs in place for small industry will not be well or fully utilized by production craft without the services of a craft-oriented fieldworker.

Primarily, the fieldworker offers one-to-one, client-centered consulting. The fieldworker must help the client through an examination of options, goals and possibilities. He or she assists with the transfer of relevant technology from industry and other craft mediums, and with marketing strategies. Occasionally the worker will take clients on field trips to expose them to relevant industrial or production craft operations, and will serve as a liaison to more specialized consulting services. The worker helps the client understand and evaluate the potential value of government programs to his or her business.

Additionally, the fieldworker will find that certain subjects are of general interest and workshops can be built around these. Likely candidates for this group approach are long-term planning, marketing, accounting systems, being an employer, and certain broadly relevant technical topics, such as silkscreen.

Ideally the fieldworker has a modest discretionary budget for direct, individual assistance in the $50-$400 range. In this project such sums have been spent, for example, on a trade publication subscription, a special purpose phone budget, travel assistance, an experimental sub-contracted casting, two days' fee for a technical consultant, and a fee for a technical workshop instructor.

The successful craft development worker will always be client-centered. The worker is working for the craft person, and does not impose his or her will. The worker challenges, but it is up to the craftperson to decide if he or she wants to move in the production direction. Through a process involving presentation of information, questioning, articulating, synthesizing, providing feedback, hypothesizing, calculating, and offering planning and analytical methods, the consultant says "Here's this option. Is this what you

want?"

A danger with this sort of intimate help is spoon-feeding and dependency. This has been dealt with by always leaving the ball in the client's court. The consultant explains the program in challenging terms, and anyone who accepts the challenge is tentatively accepted as a client. But whatever help is given, the next step is almost always the craftsperson's own. If he or she fails to take initiatives, then the consulting relationship simply expires from lack of continuity.

Credibility, even acceptance as a peer and friend, is vital for work with the craft community, as it is at any scale of business. Peer acceptance in this case involves an intimate understanding and sympathy for the craft reality. The good production craft worker must also have good judgement, curiosity, familiarity with industry and business, and a strong sense of quality.

Established Government Programs Serving All Craft, Studio Craft or Craft Medium Art in New Brunswick

1. The New Brunswick Craft School and Centre (N.B. Dept. of Youth Recreation and Cultural Resources):

The basic net of services for the full breadth of the New Brunswick craft community is provided by the New Brunswick Craft School and Centre in Fredericton. The school and Centre's 1982/83 budget is about $500,000.

Through this project the Department of Youth, Recreation and Cultural Resources has become directly involved in industrially-oriented craft in particular. For the craft community in general, the department offers the major retail craft sale of the year, a high level of craft training, professional workshops, a resource centre, and a considerable effort in general craft promotion. For some time, emphasis by this department has been on quality standards and public awareness, and this is now paying off handsomely. However, in the future, expenditures may have to be focused on more immediate objectives.

2. The New Brunswick Northeast Craft Development Program:

This program is mentioned here because it is a major new initiative that is helping craftspeople at an early stage. Some of those assisted are now showing interest and capability in the production field, and several are interested in participating in the provincial trade show booth. The program also illustrates the administration cost problem associated with awarding a large number of small grants, and presents an alternative source of capital funding to the Small Industry Program for smaller shops involved in by-hand production and craft medium art.

The Craft School and Centre's programs provide a basic net of services for the majority of the craft community, but little in direct financial assistance. The Northeast New Brunswick Craft Development Program is quite effectively meeting that need in the small area in which it operates. This program is very similar to the Small Industry Financial Assistance Program, but offers assistance at a much lower level. (It is the level of funding that makes this program of little relevance to more industrially-oriented operations.) The Northeast

Program is cost shared 75/25 with DREE. Forgivable loans are available for 50% of the cost of production equipment, materials and shop outfitting to a maximum government contribution of $6,000. Eighty percent of development costs is also available, to a maximum government contribution of $2,000, for research and marketing, $1,500 for the foundation and formation of groups, and $500 for training and upgrading programs. The craftsperson or group must contribute 20% of project costs in equity.

This program has been in operation since 1979. About 100 individuals or groups have had projects approved, of which 35 are now approaching full time operation. Prior to the program there was only one operation in the region of which this could be said. Project evaluation shows a seven-fold increase in sales in 2 1/2 years, with sales within the region up 240%. Both the federal and provincial governments are pleased, and have extended funding for another three years. This is a generous catch-up program for a highly disadvantaged area. It may prove a valuable starting point in designing more modest programs for wider application.

The Northeast New Brunswick Craft Development Program has operated as a development agency first, a grants program second, and this is likely the basis of whatever success may ensue. The Program's field officer has functioned as a developoment worker in a style similar to that employed in this project, with a similar close-of-project focus on marketing, but with the addition of a funding function. The program's fieldworker argues that his role as development worker is much more valuable than the capital assistance.

Being geared to small levels of financial assistance, the New Brunswick Northeast Program has experience with the administration cost problems involved in large numbers of small awards. The application process has been streamlined and simple procedures for preventing misuse

have been developed. Giving large numbers of small loans, even in programs geared to this, will unquestionably be expensive when compared to programs giving smaller numbers of larger loans. However such programs for studio craft and craft medium art would have significant impact and should be looked into further. The relative expense of forgivable loans, interest free loans, and low interest loans should be examined at the same time. Administration costs in the latter two cases, social and cultural policy decisions aside, may favour the forgivable loan approach.

3. The Canada Council:

With the exception of the New Brunswick Craft School and Centre's general programs, and the Northeast New Brunswick Craft Development Program, which serves art-oriented craftspeople as well as studio craftspeople involved in by-hand production, the only government agency involved in the craft-as-art field is the Canada Council. The Canadian Craft Council has long complained that the Canada Council was not showing sufficient openness to craft medium art. This apparently has changed, with craft explicitly identified in the Canada Council's latest Aid to Artists brochure. The Canada Council offers grants for time and expenses to new and established artists.

Problem Areas

1. Product Development, Promotional Material, and Market Research:

Tight budgets and the priority status of established industries are making it difficult to find funds for brochures and market research, and a general marketing program. The Department of Commerce and Development has shown a willingness to entertain a group proposal in this area, but the Department's programs are clearly under-budgeted. The emergence of a craft sector with needs under these programs is a new development that will require allocation of additional funds.

The research and development or product development issue is more complex. Programs at both I.T.C. and Commerce and Development for product development are geared to large, established operations looking toward rapid expansion. The project's porcelain casting client received initial encouragement from I.T.C. for assistance with product development, but the growth expected by I.T.C. following a development period was quite unrealistic and unacceptable. However, application to the Commerce and Development program has recently been encouraged.

It is important to realize here that some production craft tool-up situations are capital intensive, and some are labour intensive; currently only the former is supported. Tool-up for leatherworking, for example, involves the purchase of cutting dies and a hydraulic press. The dies are made to order from simple drawings, so the major expense here is hardware, not time. This is not to belittle design and prototype time in leather, but it pales beside that required for ceramic

slipcasting. An industrial ceramic consultant estimates industry would budget 1 to 1.5 work years to research, design, make models and moulds, cast and test fire a small line of 8-12 pieces.

2. Capital Assistance to Small, Studio Craft and Craft Medium Art Operations:

Because of the lack of a provincial program along the lines of the Northeast New Brunswick Craft Development Program, hand-production craftspeople and craft medium artists regularly inquire into the Small Industry Financial Assistance Program. This is not a healthy situation. Theirs is often a legitimate need, in that they project a viable, if economically modest, future. Application to an industrial program is inappropriate for them, and the experience leaves them either angry about government insensitivity, or diverted from their objectives. Such a diversion very likely threatens their viability, since their heart and expertise do not lie in directions assumed for the benefit of an industrial program.

3. Training Assistance and Apprenticeship:

A similar square peg/round hole problem occurs here as well. The exacting training-on-the-job programs are excellent for production craft operations, but are routinely used by studio operations, where they are insufficient.

Employee training needs some clarification in the craft context. The Canadian Craft Council, in its submission to the Federal Cultural

Policy Review Committee (currently in deliberation), helps greatly:

> "Apprenticeship in crafts leads to self employment. This means that craftsmen who undertake to train apprentices must be properly recompensed since the apprentice will not remain with the master; it also means that programs must be available to assist the intending craftsman to establish a new business."

The distinction that needs be made is between apprentice and employee. Because of the level of craftsmanship involved in most aspects of by-hand production, it is rare for studio operations to retain help for long periods. The level of commitment required to learn enough to be useful is such that the employee is usually going to strike out on his or her own or leave craft. Studio craft generally involves apprentices, not employees. Employees in the conventional sense will be found in the highly jigged and more profitable production operation that can afford to hire people in more specialized, more easily trained positions at better wages. Training-on-the-job subsidies are of relevance to production craft for its employees, but are insufficient in duration or compensation for apprenticeship in any form of craft. Apprenticeship is an educational service the master is offering, and the master should be recompensed as an in-the-field educator beyond any subsidization of the wages he or she must pay.

Program Criteria

One of the reasons government tends to support substantial, established businesses, or people with business backgrounds is that these business and individuals have a proven track record. Support for small and very small ventures, particularly where conventional business experience is lackng, is largely a matter of picking winners on the basis of slim evidence. In the area of craft, this selection process is further complicated by craft's cultural component. The cultural contribution, in terms of product quality, is as important as business viability.

Opinions vary on this. Some provinces have clearly been more concerned about craft as business development than about quality. In contrast, the Canadian Craft Council has recommended to the Federal Cultural Policy Review Committee that "where cultural industries are concerned, the cultural aspect is more important than the economic when guidelines are being drawn up for programs of assistance". It is argued here that both cultural and economic criteria must and can be met by both production and studio craft and, in certain cases, by craft medium art as well, with proper attention to marketing.

We are concerned here with three sets of criteria. All share a cultural or quality pre-requisite although the definition of this will vary according to craft sector.

Craft medium art should qualify for assistance available to artists and, as such, cultural contribution is all important and economic viablity is not a factor. Studio craft operations should be evaluated for both cultural contribution and economic viability. Where

business it should have access to programs for studio craft. Most craftspeople do, in fact, combine by-hand studio production with one-of-a-kind commission work and craft art as is possible. In these cases, economic viability is merely a question of continued operation as the primary means of individual or family support, likely at a very modest level. Capital assistance here would also be modest. A reasonable program might offer $6,000 per full-time position, with a matching expenditure by the applicant required. This being the case, the assistance application process can be relatively simple, with only rudimentary business skills required.

A third set of criteria applies to production craft operations where staff, sales and assistance needs will be significantly higher. Proof of economic viability in this case should take the form of a substantial business proposal and, given that such proposals are presented to industrial programs, their primary criterion will be profitability. The fieldworker can help here by actively assisting those whose work will make a cultural contribution as well.

A further criterion that always applies, whether stated or not, is the personality of the applicant, and in this case too there should be distinctions made. The studio or gallery craftsperson needs show little more than stability, honesty and maturity. The production applicant, applying for significantly more assistance and seeking to enter a very different arena, needs demonstrate quite different characteristics. The production craftsperson must be a good manager and an entrepreneur.

A thorough search of the University of New Brunswick library* for literature on small business and entrepreneurship turned up a consistent view of the successful entrepreneur. He or she typically

*. See Bibliography for Lie, Baumback and Lawyer, Delaney, Naumes, etc.

shows a higher than average level of success in previous employment, is a reasonable risk taker, is self-confident, a hard worker, a goal setter, accountable (in that he or she is ready to take full credit for success or failure), and innovative.

Added to this list in the production craft context should be focus. The divided interests of the craftspeople involved with this project have repeatedly proven to be an impediment. If the decision is to go for production, the focus must be on production.

The most realistic approach to judging entrepreneurial qualities and potential is gathering opinions from those who know the applicant well. This would include his or her accountant, local business people, other craftspeople, and the craft industry development worker. Reliance on the judgement of industrial fieldworkers is normal practice in industrial support programs.

Who approves or disapproves applications for assistance is obviously the most basic issue. The Canadian Craft Council recommends that "when grants from the federal government and its agencies are given to individuals through the jury system, composition of such juries changes regularly and completely". This makes a lot of sense for cultural decisions, but less for business decisions where long experience is an asset. Certainly, culturally-oriented funding bodies serving production and studio craft will need some economic input to their juries. Industrial program juries, if they are to support craft as craft, must involve one or more people capable of judging work in terms of product quality and cultural contribution.

Chapter 5: RECOMMENDATIONS

Introduction

A recent report of the Department of Communications identified 16 different federal departments that have been involved with craft over the last few years. At the New Brunswick level, both the Department of Youth, Recreation and Cultural Resources and, to a lesser degree, the Department of Commerce and Development are involved with craft development.

It is tempting to try to wash away all this confusion by suggesting one centralized program at each level of government; but many different departments at both levels of government have expertise and orientations useful to craft. Therefore, while these recommendations are at times specific with respect to jurisdiction, their primary thrust is toward appropriate policy and program concepts.

Policy Principles

1. Government should recognize the full range of professional craft activity, from craft medium artists, to studio craftspeople doing custom work and by-hand production, to production shops engaged in design/ reproduction operations.

2. Government must recognize that frequently these approaches to craft have different needs, characteristics, and products; but that distinctions are at times blurred. Further, it should be recognized that craft merges with art at one end of the spectrum, and with industry at the other.

3. Government should accept that the different approaches to craft are interactive and mutually stimulating. Craft support should cover all approaches to craft, as help in one area will inevitably help the others, and all are of cultural importance.

4. Government should acknowledge the important contribution craft is making to the Canadian economy, and its continuing potential. Further, government should stress that any viable craft business, even one providing only a single job, is important to Canada and is deserving of an appropriate level and type of support in the promotion of healthy, non-dependent growth, where that growth would not otherwise occur. In this, government is recognizing the extreme difficulties faced by low-income individuals in setting up viable businesses, however able and energetic those individuals may be.

5. At the federal level the Minister of Communications should be

designated as responsible for coordinating federal initiatives in craft development. The Minister and the Department should be consulted by other agents of the federal government contemplating initiatives in the craft area, and should actively engage other departments and agencies in discussions about their potential roles in craft development.

The Department of Communications' Arts and Culture Branch should continue to advise the Minister on craft. It should provide core funding to the Canadian Craft Council to permit it to work effectively on craft development with the Arts and Culture Branch and other federal departments and agencies. Also, the Arts and Culture Branch should be responsible for information flow at the national level regarding craft and federal assistance to craft.

6. The recently announced Department of Regional and Industrial Expansion and, prior to its formation, the Departments of Regional Economic Expansion and the Department of Industry, Trade and Commerce, should adjust, downward in scale, programs of assistance for capital, marketing, product development, professional development, and consulting services, to craft business development needs. (Program recommendations are discussed in detail in the following section.) ITC's funds for craft development should be offered in cost-sharing arrangements to the provinces, to be administered by the appropriate department in each province.

7. Craft business development assistance should be subject to both economic and cultural (product quality) criteria.

8. The provincial agency administering relevant business development programs should rely on the provincial craft councils and the provincial department responsible for craft (if a different department), for assistance in making judgements of quality.

9. Economic viability should be demonstrated by a business plan, including evidence of ability to market planned production at projected prices, and a personal cash budget. Minimum viability should be seen as the ability of the business to meet the forecast personal cash needs of the applicant(s) on a continuing basis.

   Additionally, businesses involving workers other than the owner(s), particularly growth-oriented production craft businesses applying for substantial assistance, must demonstrate sufficient management and entrepreneurial ability to promise success, and requisite profitability to support growth.

10. Assistance to craftspeople working as craft medium visual artists should continue to be available through the Canada Council on the basis of artistic merit. Where craft medium artists' applications project economic viability, they should be welcomed by craft development programs.

11. Government should continue to increase its support of small business in general through improvements in loan programs, taxation policies, flow of information, and reduction of paper burden.

12. The Province of New Brunswick should continue to divide its primary responsibility for craft between the Department of Youth, Recreation and Cultural Resources, and the Department of Commerce and Development. The provincial government should increase funds to appropriate programs (specified below) in these departments to allow for better response to the needs of craft business, in conjunction with the federal government.

13. The larger the craft enterprise in question, the more it will benefit from the Department of Commerce and Development's

industrial expertise and programs. The Department's Financial Assistance to Small Industry Program should continue to welcome applications from studio and production craft operations.

Funds for production craft development for marketing, product development, and professional development should be made available and adminstered by Commerce and Development through its existing programs.

The Department should make a determined effort to sensitize personnel working with craft operations and the Industrial Development Board that approves applications to the Financial Assistance to Small Industry Program, to craft standards, problems and potential. This should be done through close liaison with the Department of Youth, Recreation and Cultural Resources, and especially with any craft development fieldworkers it may engage.

The Department of Commerce and Development should maintain close contact with both the Department of Youth, Recreation and Cultural Resources and the New Brunswick Craft Council on the question of quality standards.

14. Artistic and technical training and basic business development should be handled by the Department of Youth, Recreation and Cultural Resources and the New Brunswick Craft Council.

The Department of Youth, Recreation and Cultural Resources should manage and fund the Provincial trade show effort for craft (funding as detailed in the following section) with continuing technical help from the Department of Commerce and Development. The trade show effort should be part of the responsibilities of a production craft development worker. High priority should be given to the establishment of such a position at the earliest opportunity within

the Department of Youth, Recreation and Cultural Resources.

15. The craft sector is rapidly developing, so long term relevance of any program or program alteration cannot be assumed. Government initiatives should be thoroughly reviewed within three years of implementation. Such a review must include feedback from the craft community and its organizations on program effectiveness.

Program Recommendations for Production Craft Development

A detailed list of assistance needs for production craft development is presented below. This is not presented as a new and separate program, but to clearly identify the program needs of this sector. It is presented without reference to the department or level of government involved in each item. The total expenditure required in New Brunswick, and as extrapolated to the national level, represents programs from several sources.

The accompanying budget is conservative in both the number and size of awards. In some cases (e.g. capital assistance in N.B. and in other provinces with similar programs), the amount indicated can be easily accommodated within existing programs.

The types of assistance specified are those identified through this research as being of the highest priority in the successful development of production craft. The level of cost sharing with the applicant has been established in view of existing precedents, the need to ensure commitment and deter abuse, and the level of risk involved. The number of awards specified is based on the consultant's knowledge of the small full-time New Brunswick craft scene and the level of interest

in production craft.

There are about 100 full-time craft producers in New Brunswick, with ten to fifteen moving strongly in a production craft direction. (Full-time is defined here as deriving the majority of income from the production of craft products.)

The expenditure of the maximum budget suggested for production craft in New Brunswick, $114,000, for each of three years, for a total of $342,000 (1982 dollars), is minimally expected to generate an average of three new jobs in each of ten shops over that period. At an average wage of $5.00 per hour or $10,400 per year, this assistance will generate new jobs worth $312,000 in wages per year, or .94 million in wages over a comparable three year period.

When extrapolated to the national level, the total cost to all sponsors is $4.58 million per year. This extrapolation has been done on the basis of the Canada Craft Concil's estimate of about 4000 full-time craft producers in the country as a whole.

In consultation with provincial councils, the CCC reports that full time producers number about 2000 in Quebec, 1200 in Ontario, 500 in British Columbia and 1200 in the other provinces and territories. New Brunswick represents 2.5% of the total, which sounds reasonable given that New Brunswick has about 2.9% of the Canadian population.

New Brunswick has offered an unusual level of support for craft over the last thirty-five years. This history of support, as well as the current high level of craft activity, and the conveniently small size of the province (for research purposes), has made New Brunswick an appropriate place to do this work. But obviously no national initiatives should be based on such a small sample without extensive consultation with the CCC, provincial councils and other provincial

governments.

Lastly, before presenting the program recommendations, it should be remembered that these are total incremental expenditures. If all provinces participated in this scheme, and the program were cost shared at an average rate of 50/50, then Ottawa's contribution would be $2.29 million per year.

If New Brunswick cost-shared at 25/75, its share of the $114,500 expenditure in that province would be $28,625. In fact, in the last six months of fiscal 80/81 and the first six months of 81/82, New Brunswick is spending about $30,000 toward items included in the above budget, against $20,000 spent by Ottawa. This includes the field work portion of this consultant's time, the trade show effort, and awards under Commerce and Development's capital and brochure assistance programs.

PROGRAM RECOMMENDATIONS FOR PRODUCTION CRAFT DEVELOPMENT*

PROGRAM	TERMS	AWARDS ANNUALLY IN N.B.	GOV'T $ PER YR. IN N.B.	GOV'T $ PER YR. NATIONALLY
1. CRAFT INDUSTRY DEVELOPMENT FIELD WORKER	Goverment officer or consultant; contract could be let to prov'l craft council. Worker is the link between craft and industry. Should be based in the craft milieu.	1 Typical budget: sal: $25,000 off: $ 4,000 tel: $ 1,500 tra: $ 3,000 mis: $ 1,500 TOTAL $35,000	$35,00.	$1,400,000.
2. CAPITAL COSTS (tools, machinery, equipment, shop construction, or upgrading, site servicing, & improvement.	Gov't contribution to cover 50% of approved capital costs as a loan, 1/2 forgiven after first year of continued operation, 1/2 after second. Applicant must contribute min. 20% equity. Rule of thumb: $6,000 contributed by gov't per job existing or created.	3 awards averaging $12,000	$36,000.	$1,440,000.
3. MARKETING	Gov't contribution to cover 50% of approved costs for brochures and market research. Sliding scale for trade shows as noted.			
a)brochures	Max. gov't contrib'n 1000	5 x 1000 ..	$ 5,000.	
b)market research	Max. gov't contrib'n 500	5 x 500 ..	$ 2,500.	
c)trade shows	Max. gov't contrib'n 90% in 1st year. 60% in 2nd, 30% in 3rd, 0% after. Max. approved budget for trade shows $2,000/yr. per applicant.	10 x 1800 where all in first year at trade shows ...$18,000	$25,500	$1,020,000

* all amounts in 1982 dollars

PROGRAM	TERMS	AWARDS ANNUALLY IN N.B.	GOV'T $ PER YR. IN N.B.	GOV'T $ PER YR. NATIONALLY
4. NEW PRODUCT DEVELOPMENT	Gov't contribution to cover 75% of approved costs.			
a)time	Max. gov't contrib'n $6000 at 750/mo.	3x3mo.x750 1x8mo.x750		
b)consultants in design, prod'n & business	Max. gov't contrib'n 750	2000	$14,750.	590,000.
5. PROFESSIONAL DEVELOPMENT (creative technical, & business seminars, courses & workshops	Gov't contrib'n for craft councils 100%; for production shops, 50%, max. 250	1X1000 5x250	$ 3,250.	130,000.
		ANNUAL TOTAL	$114,500.	$4,580,000.

Further Study

In has become apparent during this study that certain craft issues outside the scope of this project need to be looked at in detail in the near future. These are:

1. Capital Assistance for Handcraft Operations

Capital assistance for one to two person craft studios employing hand methods and, for the most part, selling retail is not readily available in New Brunswick, except under the geographically limited Northeast New Brunswick Craft Development Program.

Within the general guideline of a maximum government contribution of $6000 per full-time job existing or created, to be matched by the applicant, assistance should be available on a competitive basis to operations demonstrating cultural contribution in terms of product quality, and economic viability as defined by the craftperson's chosen lifestyle.

Currently, assistance is sometimes available through the Small Industry Financial Assistance Program, but this is not an acceptable solution. That program has no cultural consideration in its terms of reference, and is designed for larger, growth-oriented, industrial projects that wholesale their production. Appropriately, it is managed and awards are decided upon by people without any particular art, craft, or cultural orientation or expertise. Application to such programs requires a studio craft operation to misrepresent its intent or distort its priorities.

2. Fieldworker in Craft Medium Art

Such a fieldworker would essentially be a subsidized agent specializing in craft medium art. The Canada Council provides time and materials to artists, but no help in marketing. If an agent were to find, work with and document craft medium artists in an area, and develop markets (including architects, builders, governments, corporations, in addition to the traditional market, galleries), perhaps more craft medium artists could survive as artists, and more studio and production craftspeople could express this side of themselves. This is as much a development job, though not in a technical or design sense, as it is with production craft and, in the short run at least, it is not

economically viable as an entrepreneurial agency venture.

3. Appenticeship

An apprentice in craft is someone working towards self-employment. He or she is neither a long term asset to the employer nor a short term one. In other fields and other times, the employer benefits hugely from having an apprentice. Here it is the apprentice who reaps most of the benefit. This is a complex and contentious issue, but it could be that craftspeople taking on an apprentice should receive not only a training-on-the-job subsidization of the wage they pay, but funding as an outreach continuation of the educational process.

4. Employee Relations

The question of how to creatively handle having employees will prove to be a critical issue for expanding production shops. Current initiatives in team building, worker participation and profit sharing at the corporate level should be linked to actual experience at the small business and production craft level, to provide ideas and road maps for this unknown, difficult, and critical aspect of production craft.

A Final Word

Craft could very well put Canada on the map in a way little else

is doing at the moment. But craft's potential will not be met without government help. The people involved simply do not have the time, cash, or technical resources to break out of their subsistence pattern. On the other hand, government clumsiness would be profoundly destructive.

Government assistance for craft should be worked out by governments and the relevant craft councils with the closest of collaboration. Adversary politics should be avoided. Recognition of their common desire to see healthy, creative and non-dependent craft development should be stressed by all involved, with an equal recognition of the need for spending restraint and spending effectiveness.

The national expenditure recommended here is less than the amount government routinely invests in one plant employing 100 people. Assistance to craft businesses could have significant implications for 4000 separate businesses, many of which employ others. This is an opportunity that government should not let pass.

Appendix A — Contact List

All but 20 of the 121 individuals listed below have been consulted at length (one hour +) on at least one occasion. The majority have been consulted at length on several occasions, and many on numerous occasions.

Craftspeople in New Brunswick

Martin Aitken	Fredericton	pewter
Philip Aitken	Fredericton	pewter
Ned Bowes	Fredericton	glass
Sandy Brewer	Cambridge Narrows	clay
Chris Buck	Sussex	fabric
Mac Campbell	Harvey Station	wood
Margaret Ann Capper	Fredericton	clay
Ann Clinger	Keswick Ridge	clay
Cathy Coombes	Gagetown	fabric
Fernand Daigle	St.Louis de Kent	clay
Lee Danische	Sussex	clay
Nancy Davis	Fredericton	clay
Gordon Dawson	Oromocto	wood
Lucy Fellows	Fredericton	enamel and precious metals
John & Patti Geldart	Fredericton	wood
Charlotte Glencross	Fredericton	fabric
Pat Good	Fredericton	fabric
Aldona Grinius	Fredericton	enamel & fabric
Cathy Harbison	Cody's	fabric
Tim Harding	Fredericton	wood
Alma Johnson-McKay	Grand Bay	precious metals
Ann Johnson and Tom Moffatt	St. Andrews	paper & flowers
Donna King	Fredericton	fabric
John & Harriet Lenard	Fredericton	pewter
Arnold London	Fredericton	wood
Elaine Mandrona	Sussex	glass
Bonny Massey	Hampton	clay
Bud Merritt	Saint John	precious metals
Paul Meyer	Cambridge Narrows	wood
Stephen Morgan	Pocologan	wood
David & Barbara Murphy	Keswick Ridge	leather
Mike Oudemans	Keswick Ridge	glass
Hal Owens	Fredericton	clay
Brenda Parsons	Moncton	fabric
Don Pell	Lakeville Corner	wrought iron

Jane Pell	Lakeville Corner	wax
Janet Ratliffe	Durham Bridge	paper & flowers
Robert Rombough	Fredericton	wood
Craig Schneider	Fredericton	clay
Brad Slauenwhite	Fredericton	wood
Tom Smith	Fredericton	clay
Fleming & Beth Toron	Cross Creek	leather
Peter Wolcott	Clifton Royal	clay
Judy Young	Fredericton	fabric

Craftspeople Outside New Brunswick

John Bergen, Quanat Design	Toronto	clay slip
John & Judy Brennan	Nova Scotia	leather
Angelo DiPetta, Instructor, Ontario College of Art	Toronto	clay
Shirley Fineblit	Toronto	glass
Michael Fortune	Toronto	wood
Jacques Garnier	Montreal	clay
Steve Haggar	Nova Scotia	wood
Ted Holman, Instructor, Ontario College of Art	Toronto	fabric
Jerry Johns, Instructor, George Brown Community C.	Toronto	ceramics
Paula Murray	Ottawa	clay
Doug Oliver	Toronto	wood
Allan Perkins	Toronto	enamel
Nancy Solway	Toronto	clay
A.B. White	Charlottetown	fabric
Daniel Weiner	Montreal	leather
Chris Zimmer	Cape Breton	clay

Craft Association Officers

Alan Crimmins, President, Canadian Craft Council, former President, New Brunswick Craft Council (clay); Cambridge Narrows, New Brunswick.

Bill Graff, Past President, New Brunswick, Past President, New Brunswick Craft Council (clay); Brown's Flat, New Brunswick.

Joan Hyland, Ontario Craft Council, Toronto.

Jacques Pouliat, Le Metier D'Art, Montreal.

Ann Mortimer, Past President, Canadian Craft Council, Newmarket, Ontario. (clay)

Peter Thomas, St. George, New Brunswick, Past President, New Brunswick Craft Council. (clay)

Peter Weinrich, Executive Director, Canadian Craft Council, Ottawa, Ontario.

Virginia Watt, Canadian Guild of Crafts Quebec, Montreal, Que.

Other Associations

Brian Grey, Canadian Federation of Independent Business, Toronto, Ontario.

Government Personnel

D. McCorquodale, National Research Council, Ottawa
Marget Davis, former Craft Coordinator, Province of Newfoundland and Labrador, St. John's, Nfld.
Cecil Freeman, Director of Planning, Department of Commerce and Development, Fredericton, N.B.
George Fry, Director of Craft, Department of Youth, Recreation and Cultural Resources, Fredericton, N.B.
Linda Furlought, Capital Region Development Commission, Fredericton, N.B.
Art Goodwin, Manager, Financial Assistance to Small Industry Program, Department of Commerce and Development, Fredericton, N.B.
Elaine Hamilton, Marketing Services, Department of Commerce and Development, Fredericton, N.B.
Ann Marie Hogue, Canada Council, Ottawa
Jack Lamey, Capital Region Development Commission, Fredericton, N.B.
Claire LePage, Industry Services, Department of Commerce and Development, Fredericton, N.B.
Roger Mailhot, Department of Industry, Trade and.Commerce, Fredericton, N.B.
Murray Matthews, C.A.S.E., F.B.D.B., Fredericton, N.B.
Fraser Nicholson, Council of Maritime Premiers, Halifax, Nova Scotia
George Nimegeers, Industry Services, Department of Commerce and Development, Fredericton, N.B.
Georgina Queller, Craft Coordinator, Province of Newfoundland and Labrador, St. John's, Nfld.
Bob Reid, Information Officer, Research and Productivity Council, Fredericton, N.B.
John Richard, Department of Industry, Trade and Commerce, Fredericton, N.B.
Peter Snowball, Industry Services, Department of Commerce and Development, Fredericton, N.B.
Theodore Theriault, Department of Youth, Recreation and Cultural Resources, Bathurst, N.B.
Brian Wallace, Department of Regional Economic Expansion, Fredericton, NB.

Consultants

Marilyn Callan, organizational development consultant, Toronto
Joanne Kates, journalist, Toronto
Colleen Lynch, craft consultant, St. John's, Nfld.
Reuben Nelson, Square One Management Ltd., Ottawa

Clyde Norman, Speaker for Centre of Direct Mail Marketing, New York, N.Y.
David Peachey, ceramic and silkscreen consultant, Clarridge House Advertising, Fredericton, N.B.
Gordon Robertson, ceramic consultant, Kingston, Ontario
Joanne Tybinka, entrepreneur and small business consultant, Toronto
Bill Yerxa, planning consultant, Fredericton, N.B.

Industrial and Commercial Contacts

Charles Branscomb, Branscomb's Foundry, Hampton, N.B.
Liz Cera, Cera Crafts, Toronto (craft marketing agency)
Nick Critikos, Nickilino Inc, Montreal (leather cutting dies)
Alan Denton, Victoria Wood Industries, Grand Falls, N.B. (turning plant)
Maurice Fournier, Victoria Wood Industries, Grand Falls, N.B.
Jean-Pierre Grenier, Diffusion Actuelle, Montreal (craft marketing agency)
Jim Heys, Fredericton (leather machinery dealer)
Tom Lamb, Designer, Toronto
Mel Lands, Rositta Shoe Company, Montreal
Terry Maloney, Noah's Art, Montreal (leather products)
Tom Murphy, founder, Harmony Earth Enterprises, Fredericton
Rick Repta, Establo Leather, Guelph, Ontario
Joe Silvermann, Tepner Belt Company, Montreal
David Steele, Foulis Engineering, Fredericton, N.B.
David Youngson and Associates, Leamington, Ontario (craft marketing agency)
Albert White, Toronto Gift Gallery, Toronto

Academics

Professor Tom Good, Economics, St. Thomas University, Fredericton, N.B.
Professor Edward Maher, Faculty of Administration, U.N.B., Fredericton, N.B.
Professor William Reid, Faculty of Administration, York University, Toronto, Ontario
Professor Andrew Secord, Department of Economics, St. Thomas University, Fredericton, N.B.
Professor Harold Sharp, Faculty of Administration, U.N.B., Fredericton, N.B.

APPENDIX B-1

CRAFT PRODUCTION QUESTIONNAIRE

Please answer these questions and return to Nashwaak Consulting within a week. Your help is really very much appreciated. If you don't feel you can spend the time to answer all the questions, or if there are some you don't feel you can answer, please do the rest and return. Thanks again.

1. How many years has this business provided the majority of the owner's (owners') income? _____ years

2. Approximately how many workweeks of outside help did you employ in 1981? (For example, 2 people for 12 weeks is 24 workweeks) _____ workweeks.

3. Assuming your business has continuing potential for growth, how many people would you eventually be comfortable employing?

none	_____
one	_____
two	_____
three	_____
four or more	_____
don't know	_____

4. Please provide the following information for 1981. Remember this is strictly confidential.

4a. Gross Sales .....$_____

4b. Net to Owner(s) after all other business expense .....$_____

4c. How Much Time Did You the Owner(s) Work in the Business in 1981? Assume 40 hour workweeks. (for example, if 2 people both work a 60 hour week this equals 2 x 60/40 or 3 workweeks. ....._____ workweeks.

Questionaire prepared and evaluated with the assistance of Larry Heinlein, M.A., consultant in program evaluation.

5. Please provide the folowing estimates of expense breakdown in 1981:

5a. Direct Maerial Costs as a percent of gross sales ..___%
(i.e. materials used in the product or used up in the making of it)

5b. Wages (not including the owner's(s').....___%

5c. Other Overheads .....___%

5d. Expenditure on Buildings, Equipment, Vehicle, or Other Depreciable Assets .....___%

(Presumably what remains is cash on hand or in owner's pocket. Indicate if this is not so.)

6. Has this 17 month project affected the direction your business is taking?

6a. Yes _____ No _____

6b. If Yes, how? (Feel free to continue this or any other question on the other side.)

6c. Has this project been useful to you in any other way?

6d. In general, how useful has this project been to you?

very useful _____ _____ _____ _____ _____not useful

somewhat useful

7. Would you like a project such as this to continue?

7a. Yes _____ No _____

7b. If the project were to continue, what changes would you like to see made?

8. Are you planning to reapply for the N.B. craft booth at the Toronto and Calgary Gift Shows?

Yes _____ No _____

9. What do you think goverment should be doing to help craft development that it has not been doing to date?

10. Any other comments?

THANKS .....THANKS.....THANKS.....THANKS.....THANKS

Sign here if you wish _____

APPENDIX B-2

ANALYSIS OF CRAFT PRODUCTION QUESTIONNAIRE RESPONSES

QUESTION	RESPONSES	ALL ELEVEN RESPONDENTS (100% returned)		FULL-TIMERS (The eight responses indicating the business has provided the majority of income for at least one year		PART-TIMERS (The three responses indicating the business has provided the majority of income for one or more years	
		MEDIAN	RANGE	MEDIAN	RANGE	MEDIAN	RANGE
1.	11	5 yrs.	0-10	6	3+-10	0	0-0
2.	11	4 w/w	0-200	5	0-200	0	0-0
3.	11	3 peo.	0-4+	2.5	1-4+	3	2-4+
4a.	07	$29,000	$1,869-$218,000	$29,000	$20,000 $218,000	(one reply):	$1,869
4b.	07	$10,000	$2,500-$14,000	$10,000 (ave:9742)	$ 2,500-$14,000	(one reply): loss of	$3,346
4c.	09	63 w/w	9-100	64 (ave:71)	50-100	13	9-17
5a.	09	25%	17-40%	22% (ave:26)	17-37%	37.5%	25-40%
5b.	09	5%	0-25%	8% (ave:6.8)	0-25%	0	0-0
5c.	09	22%	10-50%	22% (ave:26)	15-45%	34.0%	18-50%
5d.	09	15%	0-40%	14.5% (ave:11)	0-20%	21.0%	2-40%
6a.	11	Yes: 9	No: 2				
6b.	11	Summary of comments:					
	1	-widened perspective as to what might be possible in business					
	1	-experimented with wholesale market					
	1	-made me examine direction business is taking					
	1	-helped to define goals and how to reach them					
	1	-motivated me to put previous plans into action					
	1	-learned about marketing and promotion					
	1	-gained perspective and orientation towards small production					
	1	-as a result of project production efficiency improved					
	1	-learned I should concentrate on retail and one-of-a-kind					
	1	-re-evaluating sales approach					

APPENDIX B-2

QUESTION		ALL ELEVEN RESPONDENTS
6c	07	Summary of comments: -superb course in workings of wholesale market -motivated me to focus more on promotion and advertising -made me aware that I can't concentrate on wholesale market -now have better overall view of production -helped me to organize thoughts and widen perspective -widened markets; helped to understand what retailers want -validated my own thinking -served as support group -technical help -help in venture analysis, growth plans -self-exploration and assessment -field trips invaluable for planning
6d.	11	Very useful ___ MEDIAN ___ ___ ___ not useful 5 --RANGE--------- 2
7a.	11	Yes: 9 No: 2
7b.	09	Summary of suggested changes: -want development of market information -be more specific of goals -make changes in trade show booth -would like info about my competition -better care of individual's work while on loan -craftmen should go to trade show on rotating basis -help applying industrial technology to the one-of-a-kind shop -thematic organization of lines at shows; specialty shows -groundwork done; evolution needed.
8.	11	Yes: 8 No: 3
9.	08	Summary of comments: -providing services like this project -more promotion, brochures -R & D -revamp entire apprenticeship/training/job creation program relative to craft business -more money for craftsmen large or small to tool up -not necessarily; individual initiative all important -help in penetrating corporate market
10.	04 03 01	Summary of comments: - thanks - research on products in my medium needed, but not available

Appendix C

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